SPECIAL EDITION

U.S.News & WORLD REPORT

$2.50

BORIS YELTSIN'S VICTORY

THE END OF COMMUNISM

THE KGB UNDER FIRE

RUSSIA REBORN

MOSCOW, AUGUST 20, 1991

02239 35 0 140066 3

C A D I L L A C

S T Y L E

Timing Is Everything.

Unlimited luxury. Limited-time offer.
Now you can enjoy all the substance of Cadillac Style with a substantial year-end bonus. Receive $2,500

up to

$2,500

direct from Cadillac

direct from Cadillac when you purchase a new 1991 Brougham; $2,000 on any new 1991 De Ville or Fleetwood; and $1,500 on any new 1991 Seville or Eldorado.

To take advantage of this limited-time offer, you must purchase and take retail delivery out of dealer stock by September 25, 1991. See your participating dealer for details.

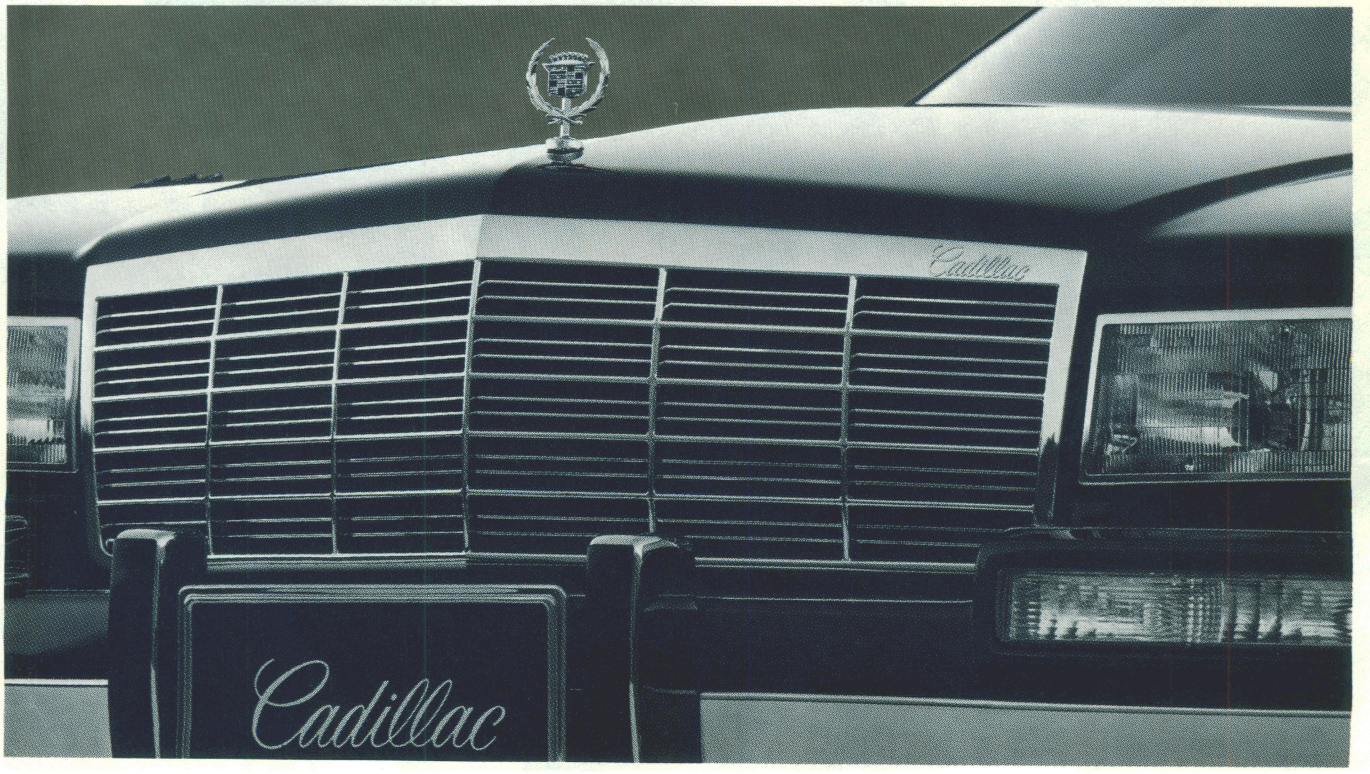
Special SmartLease® terms available.
Or if you prefer the convenience of leasing, your Cadillac dealer is also offering attractive SmartLease terms.

But act promptly. Because the selection of these luxurious Cadillacs continues to diminish. And whether you prefer to lease or buy, there's something else about time. It passes very quickly.

Please call 1-800-333-4CAD for product literature and the location of your nearest Cadillac dealer.

GM
Quality Network
Buckle Up America!
©1991 GM Corp. All Rights Reserved.
SEVILLE® ELDORADO® FLEETWOOD® BROUGHAM™

THE ONLY WAY TO TRAVEL IS CADILLAC STYLE®.



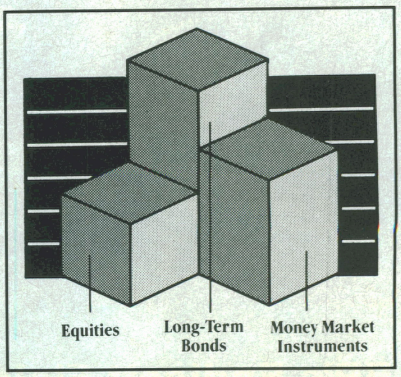
FIDELITY ASSET MANAGER™

America's #1 Fund for Diversification[1]

Diversification Made Simple

Now there's *an easier way* to diversify across a broad range of securities...in one simple investment. Fidelity Asset Manager seeks high total return with reduced risk over the long term by allocating its assets among stocks, bonds, and money market instruments. Your investment is carefully watched *and gradually adjusted* by Fidelity professionals who seek to enhance your return in *any* market environment. This approach has helped make Fidelity Asset Manager the **#1 performing asset allocation fund for the 1-year period ending 6/30/91.**

Average Annual Total Returns as of 6/30/91*
16.71% 1 Year
13.96% Life of Fund



This diagram is for illustrative purposes only and is not indicative of asset mix or allocation.

Call Today. For a free fact kit containing a current prospectus for Fidelity Asset Manager, with more complete information, including management fees and expenses, please call or write. Read it carefully before you invest or send money. Start with just $2,500, or $500 for IRAs and Keoghs.

Thinking about starting a college savings program? Ask about our low minimums for UGMA/UTMA accounts.

Visit a Fidelity Investor Center or call 24 hours

1-800-544-8888

No Sales Charge!

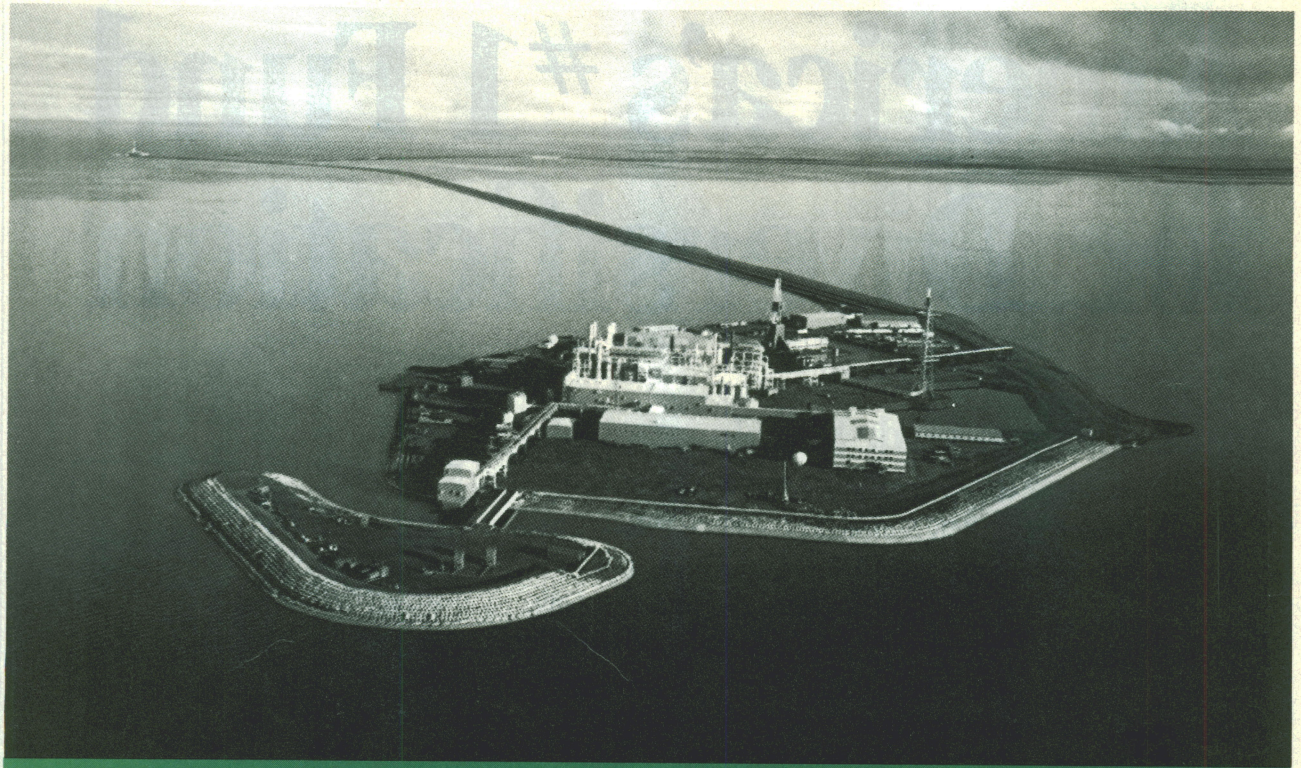
Fidelity Investments®

Common sense. Uncommon results.

[1]According to Lipper Analytical Services, Inc. Asset Manager ranked #1 out of 48 flexible funds for the 1-year period ended 6/30/91. *Total returns are historical and include change in share price and reinvestment of dividends and capital gains. The fund commenced operations on 12/28/88. Past performance is no guarantee of future results. Share price and return will vary so you may have a gain or loss when you sell your shares. Fidelity Distributors Corporation (General Distribution Agent), P.O. Box 660603, Dallas, TX 75266-0603. CODE: USNW/FAA/082691

2r

ONE OF THE BIGGEST THINGS WE EVER ACCOMPLISHED WAS BECOMING THIS SMALL.



BP's Endicott Field in Alaska's Beaufort Sea. Two tiny, man-made islands, less than 60 acres in all. Small, yet so efficient, it produces over 100,000 barrels of oil every day. In fact, what we've learned at Endicott will help us make every field of the future smaller, more efficient. Which may just make Endicott our biggest success story yet. For more information, write: BP, Public Affairs, 200 Public Square 36Y, Cleveland, Ohio 44114.

The Energy To Change

BP

U.S.News & WORLD REPORT

SEPTEMBER 2, 1991 VOL. 111 NO. 10

6 Letters to the Editor

OUTLOOK

10 Power to the people

12 Riots in Brooklyn ▪ Gays in the military ▪ A summer of scandals ▪ Salomon's woes ▪ Marxism's other front

22 **Washington Whispers**

SPECIAL EDITION

26 Russia reborn: A coup attempt against Mikhail Gorbachev fails and transforms an entire nation in the process

38 Yeltsin triumphant: The Russian leader is the Soviet Union's most powerful figure. Now he faces the difficult job of governing

44 In the streets of Moscow: During a week of upheaval, Russians took stock. Five portraits

46 The KGB: Changes are already underway for the feared Soviet secret police

48 The Army: The deeply divided military may never recover from the coup

51 **Commentary:** Seweryn Bialer on the end of the Communist Party

53 Direct-dial diplomacy: How George Bush and his advisers managed the crisis

56 The aid question: Soviet hopes for Western billions are unlikely to be met

58 **Commentary:** David Gergen on the good news for the new world order

59 The putsch that failed: A day-by-day account of the extraordinary bungled attempt to oust Mikhail Gorbachev

64 **Editorial:** The last hurrah

ANDRE DURAND—AFP

COVER: Cover photo by Klaus Reisinger—Black Star for *USN&WR*

Copyright © 1991, by U.S.News & World Report Inc. All rights reserved. U.S.News & World Report (ISSN 0041-5537) is published weekly, except for one combined issue mailed in August and a second combined issue mailed in December, $39.75 per year, by U.S.News & World Report Inc., 2400 N Street, N.W., Washington, DC 20037-1196. Second Class postage paid at Washington, D.C., and at additional mailing offices. POSTMASTERS: Send address changes to U.S.News & World Report, P.O. Box 55929, Boulder, CO 80322-5929. U.S.NEWS & WORLD REPORT© WORLD REPORT™ NEWS YOU CAN USE© WORLDGRAM© WASHINGTON WHISPERS© TOMORROW© Canadian Post International Publications Mail (Canadian Distribution) Sales Agreement No. 545643, Canadian Goods and Service Tax No. R124481334 Printed in the U.S.A.

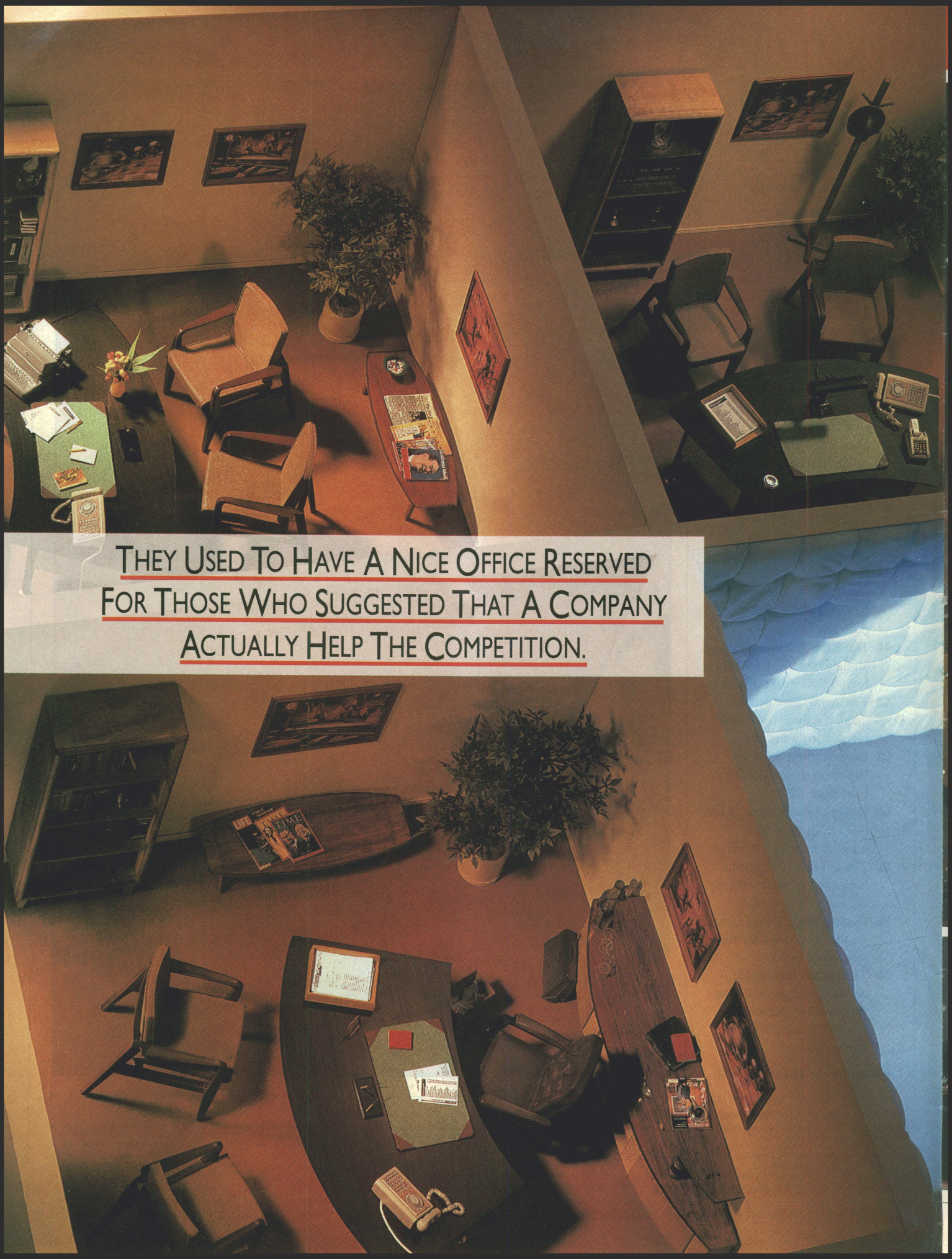
EDITORIAL AND CORPORATE OFFICES
2400 N Street, N.W., Washington, DC 20037-1196, 202-955-2000

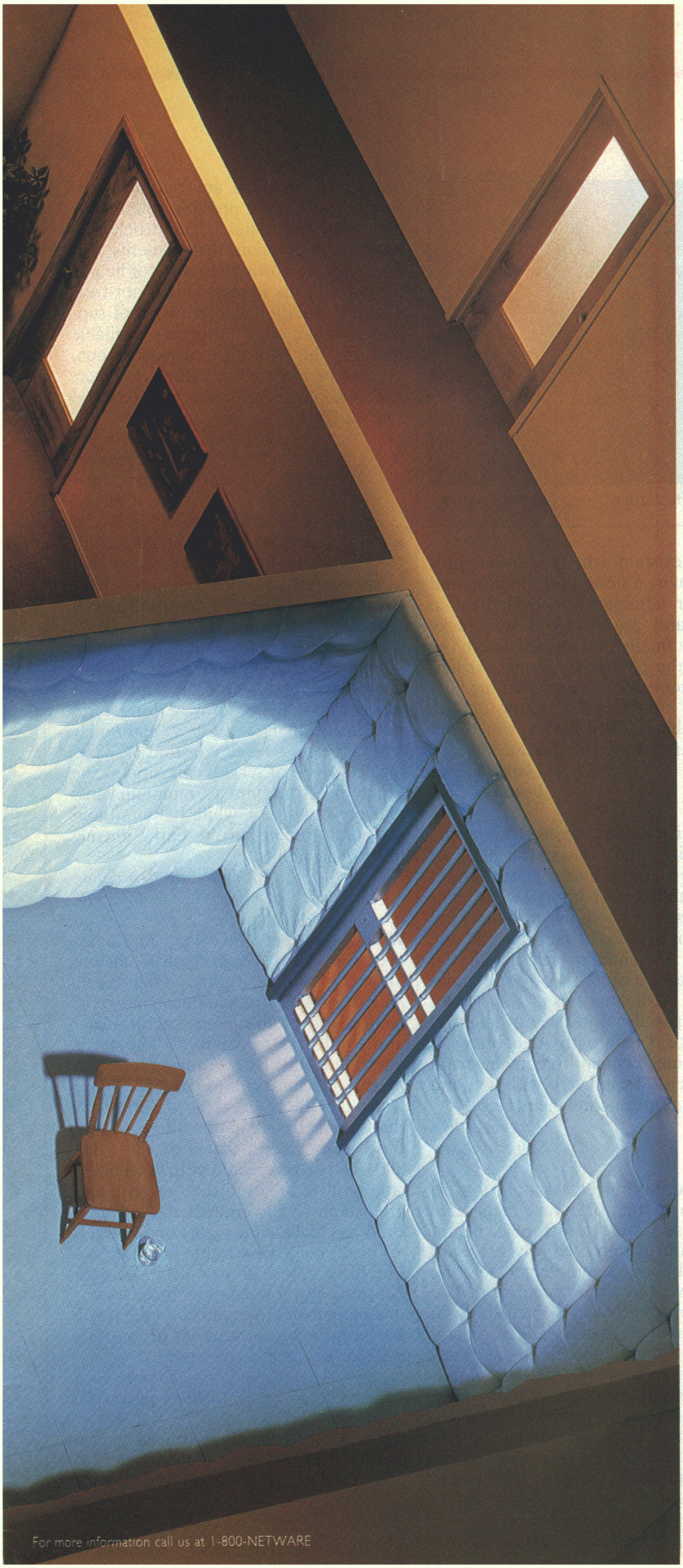
ADVERTISING OFFICES
599 Lexington Avenue, Suite 1200, New York, NY 10022-6004, 212-326-5300

SUBSCRIPTION DEPARTMENT
Post Office Box 55929, Boulder, CO 80322-5929

To order *U.S. News*, to change an address or for subscription questions, write to the Subscription Department, P.O. Box 55929, Boulder, CO 80322-5929

N


THEY USED TO HAVE A NICE OFFICE RESERVED
FOR THOSE WHO SUGGESTED THAT A COMPANY
ACTUALLY HELP THE COMPETITION.
LIFE
TIME



Go ahead. Call us crazy.

Crazy to believe that our industry will be healthier - and our customers much better off - if we all work to cooperate rather than compete.

Crazy to establish the first Technical Support Alliance, a group of hardware and software manufacturers (among them, some of our archest rivals) with just one mission: to help people solve their service problems.

Whether the problem is with IBM, Microsoft, Novell, or any other member of the alliance.

Sure. Call us crazy. But before you do, remember this: more different kinds of computers talk to each other through Novell NetWare® than any other network software in the world.

Which means we'll be pleading insanity for years, and years to come.

NOVELL

The Past, Present, and Future of Network Computing.

LETTERS

Memory's nemesis: I cannot thank you enough for your cover story "Alzheimer's: Is There Hope?" [August 12]. It's about time that someone brought this horrible, misunderstood disease out into the open. Your story of Alice reminded me of my own mother who, at 58, was much younger when diagnosed with the disease. For years, we knew there was something "wrong," but Alzheimer's had never crossed our minds. She died about a year after the diagnosis. In the interim, I quit my job to care for her, and my father took leave from work for approximately four months. At times, we thought we would lose our own minds, but every once in a while we'd get a glimpse of the beautiful, kind woman we once knew, and that made it all worthwhile. With articles such as yours, maybe the world will finally understand that our elderly are not just "forgetful" or even "crazy"; they are poor, unfortunate people whose minds and spirits have been stricken with a cruel sickness.

Nora C. Pahlck
Green Brook, N.J.

■ Isn't the word "terrifying" becoming a bit overused? I would like to suggest the word "challenging" to describe the sad symptoms of Alzheimer's. My husband has increasing symptoms of the disease. I had hoped to care for him at home "until death do us part," but after three years my back was failing. I faced reality and took him to a nursing home. It wasn't an easy decision, but I'm grateful there is such a place available. He is still my precious husband; he is getting loving and adequate care. I see him every day. Our friends are supportive, and we know we are not alone. I have found three attitudes to be essential in coping: acceptance, patience and a sense of humor. We are 80 years old and have been married 55 years. Someday, we pray, treatment and cure may be found. For now, I am not terrified, but challenged.

Claudia Hudrlik
Molalla, Ore.

■ Thank you for describing Alzheimer's patients as deranged. Only those who spend 24 hours a day with a patient can appreciate your accuracy. When one has to relinquish the patient to an institution, the family exchanges one frustration for another: learning how to endure the inadequate care. The irony is that spouses or families too frequently are bankrupted or live too close to the edge to pay for untrained staff, poor

LINDA L. CREIGHTON – *USN&WR*

Alzheimer's. *Patients and families suffer.*

food, nonexistent activities, an inappropriate environment and uneducated owners or administrators who deal in put-offs and put-downs. I was lucky enough to finally find a place where the needs of the patient were met. Alzheimer's patients have been called the "living dead," but this description applies more to the affected family, which will never recover from the disease.

Janet Sawyer
Beaufort, S.C.

■ Your article very insensitively refers to "insanity" and "outlandish acts" of those with Alzheimer's. You should have expanded your interviews to educate yourselves not only on behavioral aspects but also to the fact that the one who has Alzheimer's may be all too painfully aware of it. To care for someone with Alzheimer's is a journey of sadness. It is also a journey of love! As the wife of a man with Alzheimer's, I feel that since I cannot free my husband of the disease I can live it with him and let his memories be my memories.

Virginia Allyn
San Francisco

■ The Alzheimer's Association is pleased to see that *U.S. News* recognizes the disease as a catastrophic health threat to our country. However, we are concerned about some elements of the article as well as a major omission. The article reported that in a small study "a higher than average incidence of Alzheimer's was found in people who use antiperspirant sprays that contain aluminum." The impression readers take away is that avoiding antiperspirants will prevent them from developing the disease. The study referenced was statistically insignificant, and it's questionable whether it provided any definitive answer regarding the possible role of aluminum in Alzheimer's. The article also left the impression that patients and families have nowhere to turn for help in coping with the illness. This is not true. There is a nationwide network of support services and programs available through the Alzheimer's Association. We can be reached by calling, toll-free, our national Information and Referral Line at (800) 272-3900.

Edward F. Truschke
President
Alzheimer's Association
Chicago

■ Your article was excellent. As an employee of an adult day-care center that works with Alzheimer's victims I have seen at first hand the deterioration of both the victim and the family structure. Please let your readers know there is help out there. Many local hospitals have Alzheimer's support groups. Adult day care, a little known, long-term health-care plan, can relieve the family from the pressures of constant care giving. This type of service can support the family in its attempt to maintain unity and prevent stress, while helping thousands of people avoid early nursing home placement.

M. Catherine Waterman
Joliet, Ill.

Wichita struggle: The "war" in Kansas over abortion ["When Push Comes to Shove on States' Rights," One Week, August 19] is a struggle between two irreconcilable philosophies, "natural law" and "cultural relativity." The basic question is this: Does Thomas Jefferson in the Declaration of Independence teach that there exists a "natural law" that supersedes all man-made laws; that this is self-evident; that it declares that all persons are created with an inalienable right to life, and that governments are established to protect this right? A child has inalienable rights one hour after birth. He has no rights one hour before birth. Those abortionists who deny "natural law" must convince society that a person's humanness and worth are based solely on whether his position is inside or outside the womb.

Thomas Reid
Bloomington, Ill.

■ The U.S. Justice Department has encouraged a Wichita mob to defy a judge's order and continue breaking the

INTRODUCE YOURSELF TO THE ALL-NEW BONNEVILLE.

If you've always believed the only way to get an agile, aero-styled, high-performance sedan was to buy small, you're in for a big surprise. It's time to forget the past, and get to know the all-new 1992 Pontiac Bonneville.®

Under its beautifully redesigned shape lurks a potent 170 horsepower 3.8L **3800 V6** with tuned port sequential fuel injection locked onto an advanced 4-speed automatic. Available **anti-lock brakes** and a precision-engineered, road-gripping sport suspension for outstanding control, stopping or steering. Available advanced **traction control** for superb power application on slippery surfaces. Bonneville even features a standard **driver's airbag**, for additional safety assurance.

That's the technical side. But to really get the feel of the new Bonneville, you've got to get behind the wheel. Notice how the solid-feeling controls react smoothly to the touch. How the analog gauges are well-defined for quick, decisive reads. How the whole cockpit is driver-oriented, and designed for performance. Then remind yourself this is a **full-sized** four-door sedan that can easily and comfortably carry six adults.

The all-new 1992 Bonneville. Introduce yourself at your Pontiac dealer soon. Just be prepared for an attitude adjustment to take place. Very, very quickly.

PONTIAC® We Build Excitement®

GM

Call Toll-Free **1-800-762-4900** for your own 1992 Bonneville brochure.

BUCKLE UP, AMERICA! © 1991 GM CORP. ALL RIGHTS RESERVED.

LETTERS

law legalizing abortion, though the mob's action threatens the safety of citizens. Government support of mob rule is how fascism began in Germany and Italy in the 1930s. "Those who cannot remember the past are condemned to repeat it," said Santayana. I hope some influential person sounds a warning.

J. Dachtelberg
San Francisco

■ Your story misses the point of the Wichita debate. Abortion is presently legal in this country. If the protesters in Wichita feel abortion should not be legal, they are free to work within the democratic process to change the law. Unfortunately, the Justice Department's position in the matter could create a frightening precedent. Do citizens now have the right to protest and shut down legal businesses when they do not agree the business should be legal? Does the Bush administration support the premise? There are abundant examples of legal activity that large portions of the population do not think should be legal, such as gambling and some expressions of speech. The real question we should be asking about Wichita is whether people who disagree with a law can protest and intimidate customers in order to bankrupt a legal business.

Douglas I. Lewis
Elmhurst, Ill.

■ First, I read in your magazine that Democrats hope to draw Republican women into their camp via the abortion issue because they feel women vote pro-abortion. Then I read that Democrats think they can sway young voters who like Republican policies but are pro-abortion, giving the impression that most young voters are pro-abortion. I am a young women who votes Republican the vast majority of the time, in part because of the Republican Party's pro-life platform. I know I am not alone in this. I don't know where those inside the Washington Beltway are obtaining their information, but it is quite inaccurate.

Susan G. Slaber
Highland, Ind.

Queens rape case: In "Acquittal and Injustice in Queens" [August 12], John Leo seems to suggest we abandon the jury system to the press corps. "Her story rang true for most of the press corps covering the trial and it seems true to me," says Mr. Leo. Well, let's forget the jury. They are obviously incorrect. We need to wonder what John Leo would substitute for a hearing by "12 men tried and true." Sure there are miscarriages, but our system is supposed to lean over backward to prevent conviction when there is the slightest doubt of guilt. What happened to the presumption of innocence?

Charles W. Ewing
Birmingham, Ala.

■ The young Jamaican woman referred to by John Leo is a heroine whose experience should serve as a harbinger to all who share her values. The jury's verdict was that moral positions capable of being overcome by brute force are suspect. Vile and inhuman behavior was rewarded and innocence scorned. If the mind-set of this jury is typical, we may be seeing the establishment of a jury system increasingly tolerant of hideous crimes against the defenseless.

Henry D. Barnes
Lake Worth, Fla.

Job training: With respect to "Crafting the Work Force" [August 19], apprenticeship in America has not been successful because American youth have been unwilling to indenture themselves to one employer and a minimum wage over a given period of time, and employers, with few exceptions, have not been willing to financially support a European-type program over the long haul. If apprenticeship ever succeeds in America (and I believe it will not), it will be a hybrid and not based on the pattern in Great Britain, Europe or the U.S.S.R. Training for jobs in America is abysmal—neither vocational education nor industrial-based training is succeeding in keeping abreast of needs. This has a direct influence on America's GNP and our negative balance of payments. Industry is suffering from a lack of effective training, and vocational schools are only a shadow of what they need to be.

John B. Moullette
Tarpon Springs, Fla.

■ The proposal for a national apprenticeship program is laudable. But structuring such a program for 16- to 19-year-olds is indefensible. The largest segment of this group should still be in high school and doing "MacWork" jobs. But 20- to 30-year-olds stuck in low-paying, no-future jobs could use such an opportunity and have the maturity to fully utilize such a program.

J.A. Vessels
Louisville, Ky.

Address letters for publication to Letters Editor, U.S.News & World Report, 2400 N Street, N.W., Washington, DC 20037-1196. Send letters by fax to (202) 955-2685. Include full name, address and daytime phone number. Letters may be edited.

U.S.News & World Report

Founder: David Lawrence 1888-1973

Chairman and Editor-in-Chief
Mortimer B. Zuckerman

Co-Editors
Merrill McLoughlin Michael Ruby

Executive Editor Peter W. Bernstein
Deputy Editors Christopher Ma, Cliff Hopkinson

Editor at Large David Gergen

Editor, Special Projects Mel Elfin

Director of Editorial Administration Kathryn A. Bushkin

Art Director Rob Covey

Photography Director Mark Godfrey

Assistant Managing Editors
Outlook, Brian Duffy; *U.S. News*, Harrison Rainie; *World Report*, John Walcott; *Business*, William Meyers; *Science & Society*, Wray Herbert; *News You Can Use*, Avery Comarow; *Special Reports*, Anne McGrath
Gloria Borger, Jack Egan, Lewis Lord, Mary Lord, Betsy Streisand

Senior Writers
Michael Barone, Stephen Budiansky, Susan Dentzer, Joseph L. Galloway, Thomas Moore, Gerald Parshall, Steven V. Roberts, Lynn Rosellini

Chief of Correspondents Carey W. English

Director of Research Elizabeth Mueller Gross

Director of Operations Karen S. Chevalier

Senior Editors: William F. Allman, Donald Baer, Robert F. Black, Beth Brophy, Shannon Brownlee, Jerry Buckley, Peter Cary, William J. Cook, Charles Fenyvesi, Ted Gest, Erica E. Goode, Miriam Horn, Robert J. Morse, Carla Anne Robbins, Alvin P. Sanoff, Michael Satchell, Jeffery L. Sheler, Pamela Sherrid, Joanne Silberner, Jeff Trimble, Kenneth T. Walsh, David Whitman, Leonard Wiener.

Associate Editors: Bruce B. Auster, Edward C. Baig, Amy Bernstein, Don L. Boroughs, Betsy Carpenter, Steven Findlay, David Hage, Stephen J. Hedges, Art Levine, Louise Lief, Francesca Lunzer Kritz, Margaret Mannix, Lisa J. Moore, Doug Podolsky, Eva Pomice, James Popkin, Amy Saltzman, Joseph P. Shapiro, Marc Silver, Anne Kates Smith, Vic Sussman, Terri Thompson, Jeannye Thornton, Thomas Toch, Jo Ann Tooley, Daniel P. Wiener, Gordon Witkin.

Domestic Correspondents: *New York*, Scott Minerbrook; *Atlanta*, Matthew Cooper; *Chicago*, Paul Glastris; *Los Angeles*, Mike Tharp.

Foreign Correspondents: *London*, Robin Knight, European Senior Editor; *Middle East*, Richard Z. Chesnoff, Senior Correspondent; *Paris*, David Lawday; *Moscow*, Douglas Stanglin; *Tokyo*, Jim Impoco; *Beijing*, Susan V. Lawrence; *Latin America*, Linda Robinson (Miami).

Special Correspondents: *Israel*, David Makovsky; *South Africa*, Jim Jones; *Hong Kong*, Eric Ransdell; *India*, Brahma Chellaney; *Thailand*, Nick Cumming-Bruce; *Brazil*, Geri Smith; *El Salvador*, Tom Gibb; *Canada*, Bernard Simon; *Germany*, John Marks; *Czechoslovakia*, Peter S. Green.

Contributing Editors: Fouad Ajami, Timothy Garton Ash, Tom Callahan, Harold Evans, James Fallows, Hirsh Goodman, Josef Joffe, John Keegan, John Leo, Emily MacFarquhar, Richard Perle, Henry Trewhitt, Ben J. Wattenberg.

Reporter-Researchers: Ann E. Andrews, Sarah Burke, Gary Cohen, Warren Cohen, Sara Collins, Julie Corwin, Dorian Friedman, Dana Hawkins, Constance Johnson, Susan Lindauer, Muadi Mukenge, Douglas Pasternak, Elizabeth Pezzullo, Joannie M. Schrof, Ted Slafsky.

NEWS DESK
Chief: Robert O. Grover. **Deputy Chief:** Peter Meredith. **Senior News Editor:** Edwin Albaugh. **News Editors:** Elizabeth B. Brooke, Kenneth Campbell, Judith A. Shapleigh, Susan Burlant Vavrick. **Research:** Kathleen Phillips, *Chief*; Richard Manhard, Richard J. Newman. **Proof Desk:** Jim Sweeney, *Chief*.

OPERATIONS
Technology Manager: Janie S. Price. **Production Manager:** Diane B. Snow. **Makeup Editor:** Harriet Westfall. **Systems Administrator:** Leslee Bliss Kukie. **Composition Specialists:** Tim Byers, Donald B. Gatling, Patti McCracken, Cynthia A. Phelps. **Special Projects Manager:** Priscilla Totten. **News Assistants:** Myke Freeman, *Chief*; Howard R. Sewell Jr.

ART STAFF
Senior Art Directors: Michele Chu, Wayne N. Fitzpatrick. **Graphics Director:** Jeff Glick. **Senior Designer:** Joan Strong. **Section Designers:** Socorro Q. González, Susan K. Langholz, Kristine L. Mehuron, Sarah Shaw, Gary Visgaitis. **Designers:** Richard Gage, David S. Merrill, Rebecca Pajak, Matt Zang. **Art Production Coordinator:** Sherri Roberts Lumpkin. **Production Assistant:** Leslie A. Garcia. **Graphics Lab:** Tony Brown. **Administration:** Johanna V. Boublik.

PHOTO STAFF
Associate Director: Cotton R. Coulson. **Senior Editors:** Richard Folkers, Cheryl A. Magazine. **Editors:** Marilyn Davids, Alice Gabriner (New York), Sara Grosvenor, Katherine Kay-Mouat (Paris), Carol McKay, Dolores Morrison, Andrew Popper, Suzanne Révy. **Assistant Editors:** Shawn O'Sullivan (New York), Jeanne M. Rhodes, Maria A. Voles. **Photographers:** Chick Harrity, *Chief*; Eddie Adams, Charlie Archambault, Torin Boyd, Linda L. Creighton, Darryl Heikes, Kevin Horan, Jeffrey MacMillan. **Photo Lab:** Bill Auth, *Chief*; Beth A. Haggerty, Charles Moroney, Charlene M. Spicer. **Administration:** Ann Roberts, *Manager*; Nancy Kliewer, Dave Murphy. **Photo Library:** Robin J. Cook.

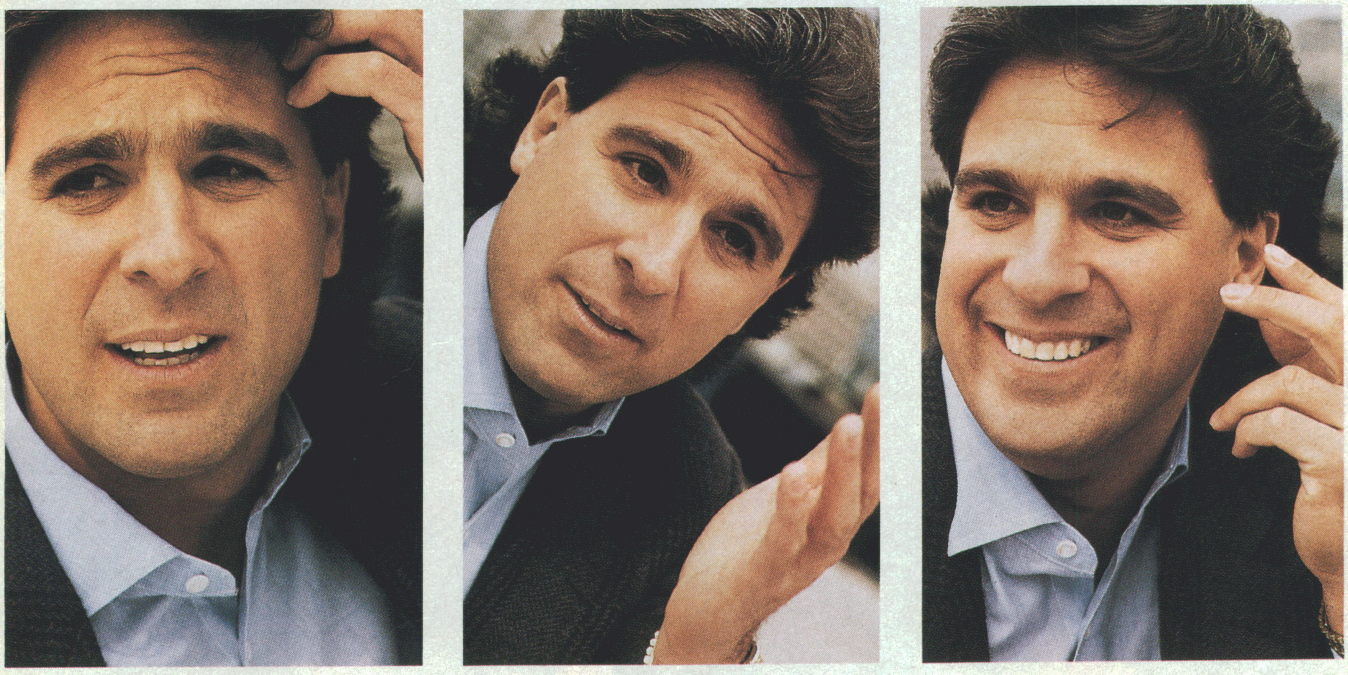
LIBRARY
Director: Kathleen L. Trimble. **Assistant Director:** Kate Forsyth. **New York Manager:** Jamie B. Russell. **Reference:** Anne Bradley, Kathleen Flynn, Carol Hook, Penny E. Pendergrass, Brent Short. **Newspapers:** Judith A. Katzung, Lee Neville, Bill Guilton, Guo Ping, Toni Rifucci. **Index:** Nancy Langford, Nancy Bloomer, Lisa-Reneé Buss. **Technical Services:** Rose M. Atkinson, Daureen Burton, Lynn Christopher, Peggy Everheart, Benita Myers, Yvette Reyes.

NEWS SERVICES
Editorial Business Manager: Susan C. Riker. **Manager, Administration:** Cathy Roberts Sweeney. **Administrative Editors:** Mary Jean Hopkins, Lynne Edwards, Angela B. Taylor, Cornelia Carter, Dianna A. Pierce. **Administrative Assistant:** Connie L. Zara. **News Bureau Coordinators:** Katherine T. Beddingfield, John J. Bresnahan Jr., Greg Ferguson. **Interviews Administrator:** Ronald Wilson. **Reader Service:** Susan J. LeClair, *Manager*; Nick Merlino, Yvonne Samuels, Gil Weinreich. **Editorial Promotion:** Matthew J. Tucker, *Manager*; Fredrick W. Hannon, Patricia J. Lute.

President and Chief Executive Officer
Fred Drasner

Senior Vice President—Finance, Alice Rogoff
Senior Vice President—Marketing, Jake Winebaum
Vice President—Manufacturing, William E. Nussbaum
Vice President—Treasurer, Joseph G. NeCastro
Vice President—Circulation, Hilleary C. Hoskinson
Vice President—Retail Marketing, Michael P. Presto
Manufacturing Planning Director, Michael J. Armstrong
Ad Make-up Director, Sharon R. Sullivan
Senior Vice President—Publisher, Richard C. Thompson
Vice President—Ad Sales Director, Thomas R. Evans
Vice President—Ad Sales, Mark MacDonald
Vice President—Ad Sales, Patrick K. Hagerty
Vice President—Ad Sales, William M.C. Miller
Assoc. Director—Ad Sales, Dudley F. Wing
Assoc. Director—Ad Sales, K. C. Forward
Vice President—Marketing Director, Suzan Nanfeldt
Associate Marketing Director, Deborah B. Farnham
Associate Marketing Director, Charles J. Barrett
Research Director, Taylor Gray
General Counsel, Gail A. Lione **Assoc. General Counsel,** Marjorie L. Esterow

Marc Dubin–Baltimore, Maryland



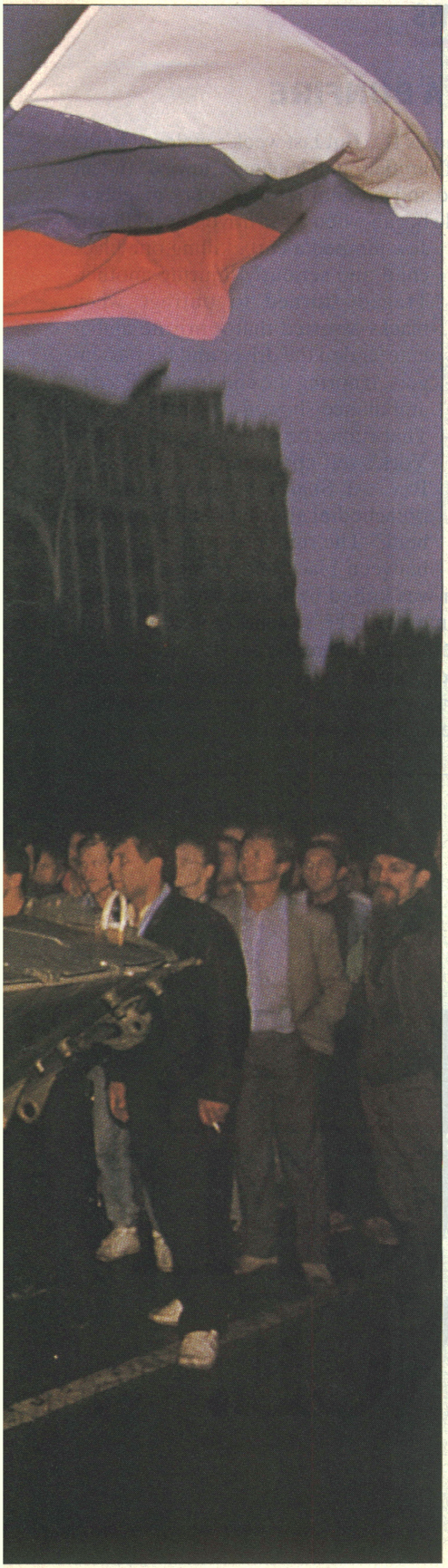
I have confidence in them–I've never had a problem. I mean, why fix something that's not broken?

AT&T Long Distance.
All you need to reach out.℠ 1 800 222-0300.

AT&T

KLAUS REISINGER—BLACK STAR FOR *USN&WR*

Power to the people. *The first time, in a thousand years of Russian tyranny, that citizens have seized control of their destiny—*



on their own behalf

OUTLOOK

ONE WEEK

The lust for freedom that no tank can kill

Had the fearsome defenders of Marx, Engels and Lenin turned overnight into Curly, Larry and Moe? The failed Soviet coup was indeed one of history's most stunning displays of ineptitude. But beyond that, it reflected its leaders' failure to see that a world they had long understood had shifted radically on its axis. They assumed that the Soviet masses would be easily pacified, that the slightest show of force would cow the authority-worshiping people they had long seemed to be. It was not, in fact, such a far-fetched assumption. Writers and historians have believed for centuries that the Russians are uniquely ill-disposed to freedom.

"All the people consider themselves to be *kholops,* slaves of their prince," wrote a 16th-century German traveler to Russia. That assessment would endure. Alexander Pushkin deemed his countrymen obedient "sheep." In Dostoevsky's "The Brothers Karamazov," the Grand Inquisitor tells Christ that "in the end, the people will lay their freedom at our feet and say: 'Make us your slave, but feed us.' "

'The willingness of thousands to face tanks with sticks and stones marked a rare fissure in history.'

The revolutions of 1905 and 1917 reinforced that harsh perception. Both saw military mutinies and rebellious demonstrations in the Russian streets, but the first revolt left Czar Nicholas II in power and the second led quickly to a seizure of power by a tightly controlled junta. In the first satire on the new Soviet era, Yevgeny Zamyatin's "We" described a machine at work: "Why is this mechanical ballet beautiful? Answer: Because it is an unfree movement. Because the deep meaning of the dance is contained in its absolute, ecstatic submission."

Russian leaders have always been paternalistic. The Russian people have in turn become like children: needful of authority, occasionally unruly but ultimately obedient. Historians such as Harvard University's Richard Pipes have made that conclusion, as have most Eastern Europeans, who are resigned to a brutal consistency in the Russian character. The Poles refer to *homo Sovieticus* and believe the species to be incapable of change. Even now, they are not entirely wrong: Some 25 percent of the Soviet population reportedly supported last week's coup; many more seemed indifferent. And widespread nostalgia for Joseph Stalin still exists in the country.

Given all that, the willingness of thousands to face tanks with sticks and stones marked a rare fissure in history. Those three days that shook the world represent the first time, in a thousand years of Russian tyranny, that the people have seized control of their destiny—on their own behalf. "What we have done has borne fruit," said Mikhail Gorbachev. "Our people are different." Perhaps Dostoevsky and Zamyatin and Pipes were wrong: It may be possible to bury in deep darkness the desire for freedom, but it seems it is not possible to murder it. □ BY MIRIAM HORN

CALENDAR

The verdict ▪ On September 11, Iran-Contra prosecutors will try to persuade a federal district judge to reinstate two guilty verdicts against Oliver North. Last year, an appellate court overturned the convictions, ruling that congressional testimony North gave in 1987 in exchange for immunity was later used to convict him.

Bank notes ▪ Also on September 11, the House of Representatives Banking Committee will hear about the BCCI scandal. First up, former First American Bank directors Clark Clifford and Robert Altman.

Soviet fascination ▪ Lately, America's longstanding fascination with things Soviet has grown. The University of Colorado has scheduled a "how to" forum on democracy for Soviet leaders in September, with four delegates from Russia's Congress of People's Deputies expected to attend (Database, Page 13).

U.S. NEWS

PLAYING WITH A BONFIRE

It may sound like "The Bonfire of the Vanities II." But last week's violence in the Crown Heights section of Brooklyn was far from fictional, leaving a Jewish student dead, a black teen behind bars, scores injured and yet another New York neighborhood seething with racial tension. The trouble began when a car driven by a Hasidic Jew jumped a curb, killing one black child and seriously injuring another. Tragedy turned to outrage when blacks asserted that a private ambulance aided the driver and his passengers, ignoring the children until a city ambulance showed up on the scene. That rumor brought a visit from New York's self-appointed pot-stirrer, the Rev. Al Sharpton, who reportedly preached against ambulance "apartheid." The rumor also fueled clashes between black and Hasidic communities. In the melee, a visiting Jewish scholar was knifed to death; authorities have charged his suspected black assailant with murder. The violence could grow this week as a grand jury meets to determine whether to charge the car driver.

DAVID CANTOR—AP

Finger pointing. *In Crown Heights*

Beneath the day-to-day tensions lurked the prospect of a city losing control. Even David Dinkins, New York's first black mayor, seemed unable to appease increasingly hostile blacks, who greeted his pleas for peacefulness with boos.

HOW A BILLION DOLLARS IS MAKING A WORLD OF DIFFERENCE.

WILL THE MILITARY YIELD?

The days of a nearly 50-year-old policy against gays in the U.S. military may be numbered. A federal appeals court in San Francisco has reinstated a lawsuit brought by a lesbian named Dusty Pruitt, who claims she was wrongfully dismissed from the U.S. Army Reserve in 1986. A Methodist minister, Pruitt served in the military for 15 years before being discharged after admitting in a newspaper interview that she was a lesbian. The Pentagon isn't likely to relent, even if the case heads back to the trial court soon. The stated rationale for the policy—that gays undermine military morale—has been facing growing skepticism. But top Pentagon brass have reportedly strengthened their resolve to maintain the position in the aftermath of the recent "outing" of a Defense Department official.

A BATTLE OVER BENEFITS

By refusing to extend unemployment aid, President Bush has guaranteed a fight with congressional Democrats when they return from their Labor Day recess. New government statistics show that claims for benefits jumped to 430,000 early last month, a rise of more than 5 percent over previous reports. Democrats will likely rally behind a bill that New York Rep. Tom Downey has introduced. His plan extends the current 26-week benefit coverage based on each state's unemployment figures: States with 6 percent unemployment would receive five more weeks of benefits; states with 7 percent, 10 more weeks. Still, no one has answered Bush's stated concerns: With a price tag in the billions and the federal deficit growing, how will the government pay for the benefits without busting the budget agreement between the president and Congress?

Unemployed workers receiving jobless benefits

1961	**63.5%**
1971	**52.0%**
1981	**41.4%**
1990	**36.8%**

USN&WR—Basic data: U.S. Dept. of Labor

JACK DESROCHER FOR *USN&WR*

DATABASE

Percentage of Americans with favorable opinion of Mikhail Gorbachev: February 1991: **34**; August: **66**

U.S. private citizens living in the Soviet Union: 1984: **367**; 1990: **2,555**

Foreign-language books translated into English in 1990: From Russian: **145**; Japanese: **61**; Arabic: **20**

U.S. high-school students enrolled in Russian-language classes: 1982: **5,702**; 1990: **15,857**

Estimated U.S. speaking fee: Gorbachev: **$60,000**; Boris Yeltsin: **$50,000**; Ronald Reagan: **$50,000**

*Soviet-related stories on U.S. network news: 1988: **645**; 1990: **1,345**

*The Center for Media and Public Affairs

Recently, The Equitable further strengthened its financial base through a $1 billion investment from AXA, one of Europe's largest insurers. The global alliance created by this investment gives both companies an unprecedented opportunity to expand their worldwide presence and an almost unlimited potential for growth.

THE TIMING IS RIGHT.

The need for stability in the insurance and financial services industries has never been more important. Globalization and deregulation are increasing more quickly than ever, and worldwide investing on a 24-hour basis has become a reality.

And now The Equitable and AXA are strongly positioned to take maximum advantage of these changes.

THE FIT IS RIGHT.

A major factor that will contribute to the success of this new association is the excellent fit between the two companies. In insurance operations, AXA relies heavily on an agency system to deliver its products; The Equitable's sales force of over 9,000 agents is recognized as one of the most productive and professional in the U.S. insurance business.

We both have strongholds in insurance markets that don't overlap: The Equitable in individual life and annuities in the U.S., and AXA primarily in property and casualty in Europe. And since the U.S. is the world's largest insurance market and the European Community is expected to become the world's largest unified market after 1992, the future looks bright indeed for this new global alliance.

In investment operations, The Equitable and AXA should be an especially powerful force. Together we manage well over $180 billion in assets, which, if combined, would create one of the world's largest institutional investors. And when you add AXA's investment knowledge and distribution capabilities in Europe to The Equitable's in the U.S., you open doors for countless joint investment opportunities all over the world.

THE PHILOSOPHY IS RIGHT.

Yet another big plus to this association is the philosophical fit of the two companies. Both consist of people who are committed to excellence, take pride in their professionalism, and are dedicated to building great financial institutions by providing quality service to policyholders and investment clients. These are people who will make the most of new opportunities.

At The Equitable, we're looking forward to a world of opportunities. And a future filled with growth for us, AXA and of course, our clients.

To learn more, please write to Richard H. Jenrette, Chairman and CEO, or Joseph J. Melone, President and COO, at The Equitable, 787 Seventh Avenue, Dept. A, New York, NY 10019.

THE EQUITABLE

STRENGTH IN NUMBERS

© 1991 The Equitable Life Assurance Society of the United States, NY, NY 10019.

Merge With Traffic Without Blending Into It.

Every morning it's the same: you jump into your car, make a few lefts, make a few rights, and muscle your way onto the highway that separates everyone's home from everyone's office. In any other car, this routine might quickly become tiresome.

Of course, that's precisely why the Lexus LS400 was created:

to keep the ordinary from slipping into the mundane.

For while any car can be designed to battle the masses, the LS400 was also designed to please the individual. Perhaps that's why people who know cars consider it a great automobile rather than the newest status symbol.

Just ask the experts. Since day one, they've maintained there's nothing on the road quite like a Lexus.

This theory is easily supported. All you have to do is put your foot on the gas. The automobile's 250-hp V8 will keep you from being intimidated by traffic.

Its looks, of course, will keep you from being confused with it.

LEXUS

The Relentless Pursuit Of Perfection.

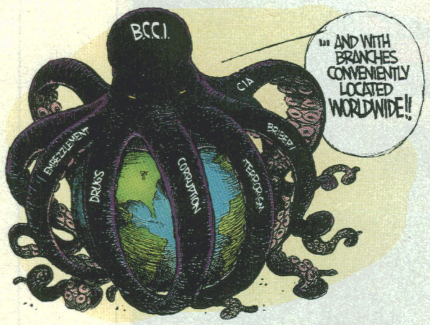
© 1990 Lexus, A Division Of Toyota Motor Sales, U.S.A., Inc. Lexus reminds you to wear seat belts and obey all speed laws. For more information, call 800-872-5398 (800-USA-LEXUS).

ANALYSIS

SCANDAL SUMMER

Just when the go-go '80s seemed like history, the scandals of summer have shown that sleaze isn't delimited by decades. This time, however, the wrongdoing seems more pervasive and more desperate.

Instead of the solo acrobatics of an Ivan Boesky, the latest schemes are purely institutional, with top management's acquiescence. And corruption has gone global. The



growing influence of world markets seems to have enabled the Bank of Credit and Commerce International to shuffle losses from one jurisdiction to another. Blue-chip Japanese brokerages such as Nomura Securities consorted with gangsters and covered favored clients' losses, proving that Yanks have no monopoly on deception. And Salomon Brothers' startling apology to the World Bank last week for bond-market manipulations shows how an American giant went adrift internationally.

The '80s lubricant was greed. Now Wall Street's other great motivator—fear—is in play. Japan's Big Four brokerages quaked when they considered losing wealthy clients who weren't reimbursed for losses. BCCI couldn't afford for its auditors to discover its loan-portfolio collapse. With mergers and acquisitions in a slump, Salomon's traders apparently feared that competitors would overtake them unless they cornered the bond market. The urge to make profits illegally didn't recede with the opportunity to make them easily.

BY DAVID HAGE

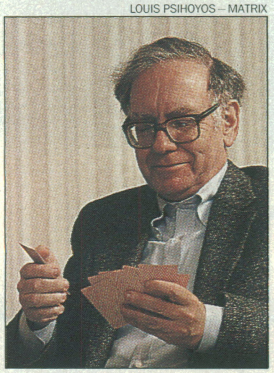
JIM MORIN—*MIAMI HERALD*

BUSINESS

SALOMON: BACK TO THE CUFFS?

At a well-known Wall Street bond house several years ago, the internal compliance officer used to toss a pair of handcuffs at any broker who so much as made a trading-ticket typo—a rude reminder that management valued integrity. That house was Salomon Brothers—and oh, how times have changed. Indeed, when investor Warren Buffett stepped in as interim chairman last week to halt the growing scandal over Salomon's infractions in Treasury bond auctions, he probably wished he had a few pairs of the steel bracelets.

LOUIS PSIHOYOS—MATRIX

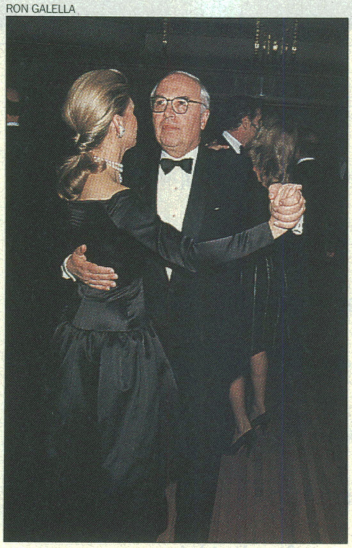


Buffett. *Ace in a hole*

Within hours of taking charge, Buffett had persuaded Treasury Secretary Nicholas Brady to partially rescind a ban on Salomon's government trading. But stemming client defections will require all of Buffett's stature. Treasurers for several large states and the World Bank have suspended bond trading with Salomon. The firm is on its way to a $1 billion profit for the year—if the scandal doesn't take a deeper bite. The episode has already cost the job of Chairman John Gutfreund, a legendary figure on Wall Street, who resigned after admitting he had known of the infractions since April without telling government regulators. And Salomon said its short-term borrowing costs will grow $18 million a year as investors dump the firm's bonds and short-term paper.

Buffett—an Omaha billionaire who poured $700 million into Salomon during an earlier crisis—is a professional investor, not a professional manager. Wall Street insiders say his best bet is to recruit a Mr. Clean to take over at the firm (Whispers, Page 22). For now, Salomon is barred from buying Treasury bonds for its clients—and ex-employees say that many clients are happily shopping elsewhere, given the brusque treatment they've received from Salomon's notoriously hard-edged traders.

RON GALELLA



Gutfreund. *Rhythm and blues*

Restoring public confidence in the $2.2 trillion Treasury market is another matter. For now, the cost to taxpayers appears slim, although the Treasury Department is scrutinizing the three auctions in which Salomon admits it exceeded government purchase limits. Taxpayers might even have reaped a bargain, analysts say, if Salomon, trying to scoop up bonds, drove down interest rates. Even without Salomon, the government apparently will have no trouble raising the $50 billion or so it borrows each month; other bond giants such as Goldman Sachs and Merrill Lynch will likely step in.

The cry for reform may grow as the Treasury, the Federal Reserve, the Securities and Exchange Commission, the Justice Department and the New York Stock Exchange complete probes that grew last week to include all major Treasury traders and several of their clients. John Keefe, an analyst with Lipper Analytical Securities Corp., says the 40 "primary" traders have enjoyed light regulation in exchange for their help in funding government debt—a service that is all the more crucial with the federal deficit expected to balloon to a record $362 billion next year. But that could change if regulators recommend stricter auction rules and closer scrutiny of actual bidding. Until then, waving the occasional pair of handcuffs might not hurt.

BY DAVID HAGE

CHECK OUT YOUR SAVINGS

Check one box below to choose your term and savings off the cover price.

☐ **18 months (76 issues)**
at only 66¢ a week
You save $140.05
You pay only $49.95

☐ **1 year (52 issues)**
at only 77¢ a week
You save $90.25
You pay only $39.75

☐ **6 months (26 issues)**
at only 77¢ a week
You save $45.11
You pay only $19.89

DETACH HERE AND MAIL TODAY!

U.S.News & WORLD REPORT

Select your term and savings by checking only one box. Subscribe to U.S.News and World Report and save up to 73% off the cover price.
Remember, the longer the term you select, the greater your savings!

☐ **Payment enclosed.** ☐ **Bill me later.**

Name (Please print)

Address Apt.

City/State/Zip 42FL0

Offer good to U.S. addresses only and is subject to change without notice.

NO POSTAGE
NECESSARY
IF MAILED IN THE
UNITED STATES

BUSINESS REPLY MAIL

FIRST CLASS PERMIT NO. 137 BOULDER, CO

POSTAGE WILL BE PAID BY ADDRESSEE

U.S.News & World Report
Subscription Department
Post Office Box 52133
Boulder, CO 80321-2133

INTERVIEW

'CHEAP PROMISES'

Human rights advocate Natan Sharansky spoke from his home in Israel about developments in the U.S.S.R., which he left in 1986, with U.S. News's *Richard Z. Chesnoff. Excerpts:*

Why the coup failed. Someone once said history does things the first time as a tragedy, the second time as a farce. This was a farce that came close to tragedy. The putschists failed because they underestimated the Army and the people. Their main card was to tell the people "finally there will be order." All these cheap promises. . . . It would have been very difficult to deliver.

Gorbachev's errors. He thought the economic system didn't work because people view themselves as slaves. So he gave them a little bit of freedom. [But] the more you give a little freedom, the more the situation becomes less controllable. Dissidents never shared the great admiration for Gorbachev. [But] when I saw him after his detention, I felt some sentimental feeling toward him, some solidarity.

Freedom march. *Sharansky (left)*

The West's role. To invest in the U.S.S.R. when its economic system is paralyzed is a waste. Humanitarian help? Yes, if human rights are respected, but major investments only if they make radical reforms.

His personal reaction. The first night, my wife, Avital, was afraid to go to sleep. All of Russia was waiting with this mystical feeling that this night something will happen. Then, to wake up and find that nothing happened. It is so strange. On TV I saw Yelena Bonner [Andrei Sakharov's widow] standing with the crowds in front of the Russian Parliament. That was the moment when I really felt like being there.

REUTER

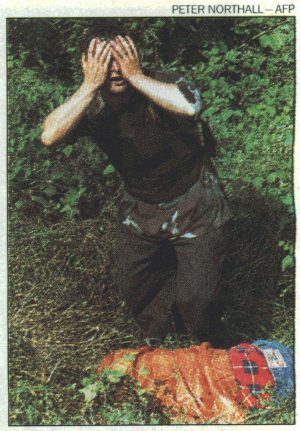
WORLD

TWISTING AND TWISTING IN YUGOSLAVIA

While Soviets exulted over their historic breakthrough, Yugoslavs faced growing strife. "The situation has deteriorated so much that it has sobered the participants," Slovenian leader Milan Kucan said after Yugoslavia's collective presidency produced a last-ditch peace plan last week. Though such sentiment may pass for optimism in Belgrade, it seems clear that the country has a long way to go in sorting out national differences.

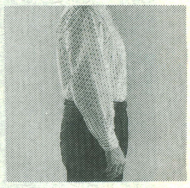
About 300 people have died in clashes between Serbian and Croatian militias, economic collapse is imminent and the Serb-dominated federal Army threatens almost daily to seize power. In fact, the latest peace initiative leaves the core Serbian-Croatian dispute unresolved. While prohibiting the forcible alteration of internal borders, it says that they may be changed "by democratic and legal procedures." Serbian Communist leader Slobodan Milosevic, intent on expanding Serbia at Croatia's expense, likes that idea. He wants a referendum among the 600,000 Serbs living in Croatia, despite opposition from Croatian leaders. Meanwhile, Bosnia-Herzegovina and Macedonia are both expected to vote for independence in September. And in the province of Kosovo, tension between Albanians and Serbs could erupt at any moment, further darkening the stygian gloom.

PETER NORTHALL—AFP



Horror. *Croatian soldiers*

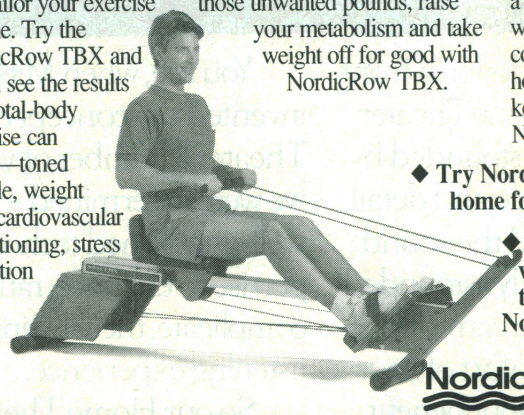
Take on a whole new shape with NordicRow TBX.



Get a brand new shape with NordicRow TBX. Our exclusive, patent-pending **split-resistance design** allows you to adjust the upper- and lower-body resistance and tailor your exercise routine. Try the NordicRow TBX and you'll see the results that total-body exercise can bring—toned muscle, weight loss, cardiovascular conditioning, stress reduction and more.

Shape up and lose weight for good. Dieting alone actually slows your metabolism and increases your appetite. By increasing your metabolism, your body burns calories at a faster rate. So, in order to shed those unwanted pounds, raise your metabolism and take weight off for good with NordicRow TBX.

Reshape your body with just 20 minutes a day, 3 times a week. NordicRow TBX gives you a superior cardiovascular workout that tones and shapes *all* the major muscle groups in your *entire* body in just minutes a day. Plus, get a total-body workout in the comfort and convenience of your own home. Take weight off and keep it off with NordicRow TBX.



◆ **Try NordicRow TBX in your own home for 30 days!**

◆ **The innovative design and workmanship you've come to expect from NordicTrack.**

NordicRow TBX™ BY NORDICTRACK

FREE VIDEO AND BROCHURE CALL **1-800-468-4491** Ext. 74811

Or write: NordicTrack, 141C Jonathan Blvd. N., Dept. #74811, Chaska, MN 55318

This is a highly technical, electronically complex Home Theater System.

When you sit down in front of a Mitsubishi Home Theater System, you'll be astounded by the clarity, brilliance and detail of the picture. And the sound.

You'll be equally astounded by the fact that you can control it all, from the comfort of your favorite chair, without benefit of an engineering degree.

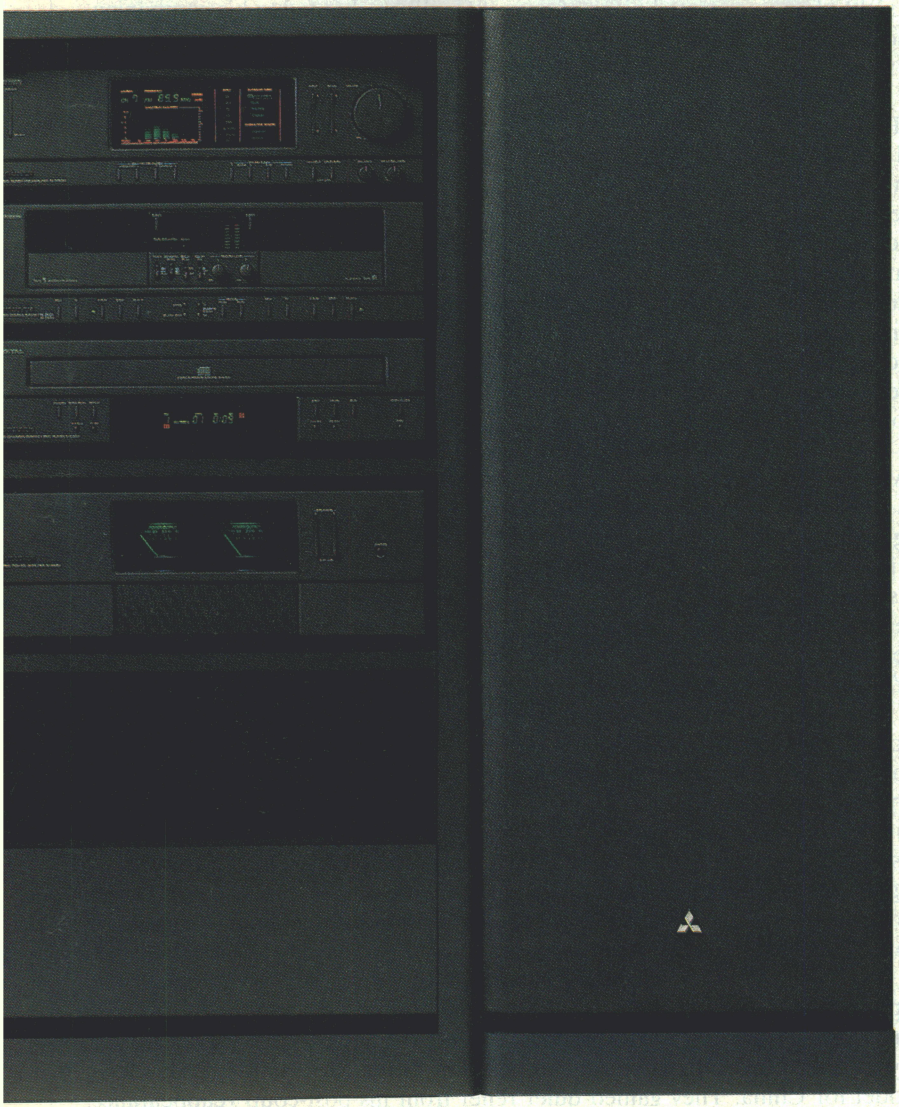
You see, when Mitsubishi invented the concept of Home Theater a number of years ago, we were determined to use our well-established technical expertise to enhance, rather than complicate, the viewing and listening experience.

So our Home Theater components deliver not only state-of-the-art technology, but a totally integrated system designed to work together cosmetically (as you can clearly see), electronically and functionally. And not just from component to component, but from year to year as well.

In fact, from as far back as 1986, all our components have

© 1991 Mitsubishi Electronics America, Inc. Dolby Surround is a trademark of Dolby Laboratories Licensing Corporation. ViewPoint is a trademark of Mitsubishi

But not from where you're sitting.



been linked together by a common operating system. A remote system that displays—on your TV screen, the functions of all those components—big screen TV, stereo VCR, laser disc player, even some of our Dolby Surround™ receivers—and puts you in complete control of all of them.

This year, several of our components offer a new, even more remarkable—yet equally compatible—common operating system called ViewPoint.™

With ViewPoint, your biggest mental challenge will be deciding what to watch. Because our unique point-and-click feature lets you simply point to the on-screen item you want and select it by using only two buttons on the remote.

The on-screen text is displayed in easy-to-read upper and lower case letters and communicates in a language you're already familiar with: English.

That means fewer abbreviations, more sentences. Functions like "Time Set" and "Ch Auto/Man" become "Set the Clock" and "Memorize the Channels."

Some displays make things even easier with a logical question-and-answer format. While a P.I.P. (picture-in-picture) window lets you monitor the TV picture at the same time.

So if you've been anxious to experience the amazing sights and sounds of Home Theater for yourself, bear this in mind:

Mitsubishi technology not only delivers the experience, but keeps you clear-headed enough to enjoy it.

MITSUBISHI
TECHNICALLY, ANYTHING IS POSSIBLE®

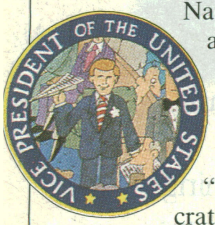
Electronics America, Inc. For more information on Mitsubishi Home Theater Systems and the name of your nearest dealer, call toll-free (800) 527-8888, extension 245.

EYE ON THE '90s

No return • When events turned nasty in Moscow last week, the State Department advised travelers to defer Soviet trips. But Finnair, Pan Am and Aeroflot, the three main direct carriers between the United States and the U.S.S.R., had very few cancellations. One explanation was that the Soviet upheaval produced little fear of terrorism compared with last summer's Iraqi invasion; that caused mass cancellations of Middle Eastern travel.

◇

Looking for Dan • Vice President Quayle is finally in demand. A new book called "Where's Dan Quayle?" is a parody of the popular "Where's Waldo?" series. A cartoon version of Quayle is hidden in a variety of settings, including the Kennedy Space Center. "Maybe next time they'll let me push the blastoff button," the faux Dan fantasizes. He also turns up at the 1988 Republican National Convention along with Mr. Potato Head. Macmillan, the publisher, is considering more Waldo-like spinoffs. A suggestion: "Where's the Democratic Presidential Candidate?" Now, there's a challenge.



◇

Art imitates life • Maybe computer programmers know something the rest of us don't. In "Crisis in the Kremlin," an unreleased computer game from Spectrum HoloByte, based in Alameda, Calif., players get to run the Soviet Union, choosing reformist or hard-line approaches to social and economic policies. The player who remains in power for 25 game-years wins a video parade through Red Square. Maintaining a balance among competing Soviet forces is tricky, however, and "Comrade President" can always be ousted. An early sign of trouble is a KGB message: "Your health is of great concern." Hmmmm.

BY AMY BERNSTEIN

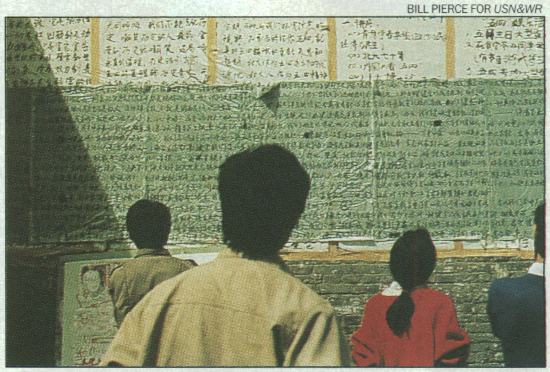
DATELINE

MARXISM'S OTHER FRONT

BEIJING—A visitor from the countryside got a surprise last week when he stopped to read the newspapers posted daily in the Chinese capital's busiest shopping street. With worldly Beijingers elbowing past him, intent on their shopping chores, he caught sight of an unexpected piece of news. "Hey!" he shouted to his companion, who had walked on ahead. "Hey! There's been a coup in the Soviet Union!"

The word *coup* appeared just once in all the Chinese newspaper accounts on display—in an inside-page story in the *People's Daily,* which reported that acting Soviet President Gennadi Yanayev did not believe that events in Moscow should be termed a "coup d'état." Yet no one in Beijing called it anything else—an example of how the Chinese leadership and the Chinese people view world events in increasingly disparate ways.

BILL PIERCE FOR *USN&WR*



Getting the news. *The writing on the wall?*

Citizens following the Soviet drama had severely restricted information. The Chinese state media avoided mention of tanks in the streets or the thousands of Muscovites who turned out to oppose the coup. Such reporting would have stirred memories of the Tiananmen protests and their bloody end.

Instead, Chinese media reports last week stressed the claimed legality of the Yanayev-led "State Committee" and played up the committee's accusations that Boris Yeltsin was engaged in "conniving illegal activities." But popular opinion was solidly behind Gorbachev and the maverick leader of the Russian republic. A bookstore in Beijing that received 100 copies of Yeltsin's "restricted circulation" autobiography just before the coup sold a third of them before Gorbachev's return was announced. "If China had had a Boris Yeltsin, we might not have had a June 4," one man noted ruefully, referring to the day in 1989 when the Chinese tanks rolled.

But so far the Chinese still reserve their greatest admiration for Gorbachev. A recent graduate of Beijing University, looking for someone to blame for the coup, demanded to know why the Soviet people didn't do more to support Gorbachev. "He gave them democratic reforms and they demonstrated in the streets, called strikes and declared their independence from the union," the graduate said, uncomprehendingly. Never mind that the very point of democratic reform is to make such actions possible. In the graduate's mind, the Soviets were ingrates.

Many Chinese believe that reforms proposed by Gorbachev could one day serve as a model for China. They gained quiet relief from his post-coup reappearance, announced by the *People's Daily* in a terse front-page dispatch. The paper had lost interest once Yanayev, whom it described as a foe of private ownership and a lover of classical literature, failed in his bid for power. Subsequent arrests of the coup plotters were banished by leading newspapers to the inner pages.

It was ironic that when people began tuning in to their short-wave radios to find out about the situation of the tanks in Moscow, they learned about the ordeal of a man linked to the time when China also had tanks in the streets. When news of the Soviet coup broke, the BBC and Voice of America both carried reports about a hunger strike by Wang Juntao, a dissident protesting conditions in the jail where he is serving a 13-year sentence as an alleged organizer of the pro-democracy demonstrations of June 1989. His hunger strike began on August 14. For many, the radio reports were the first they had heard of it.

BY SUSAN V. LAWRENCE

CULTURE

SATCHMO'S RETURN

"If it weren't for him, there wouldn't be any of us." Thus Dizzy Gillespie honored Louis Armstrong, one of the founding fathers of American jazz, a genius whose appeal ran so deep that his "Hello, Dolly" knocked the Beatles out of first place on the pop charts in the English invasion year of 1964. Despite the adoration, the life of Satchmo, who would have been 90 last month, has gone largely unstudied since his death in 1971.

That will change in early September, when New York's Queens College opens the Louis Armstrong Archive and a nearby house—his home from 1943 until his death—as a public museum. Scholars will finally have access to Armstrong's papers and unreleased recordings. They tell the story of a ragamuffin abandoned by his father and raised by his mother in New Orleans brothels. That boy came under the wing of a Jewish family who, according to his journals, "instilled in me singing from the heart" and helped buy his first cornet for $5. Long before all

UPI/BETTMANN

the crossover performers who have followed, Armstrong made a glowing example of his talent. Early on, he refused to follow custom for blacks and use back doors when he performed. Later, in Hollywood musicals, he tried to teach white audiences about being black.

Little dazzled by his fame, he opened his doors in his Queens neighborhood to children who came for ice cream and the sound of "Pop's" horn. Now those doors will reopen to a wider circle of fans.

BY MIRIAM HORN

PEOPLE

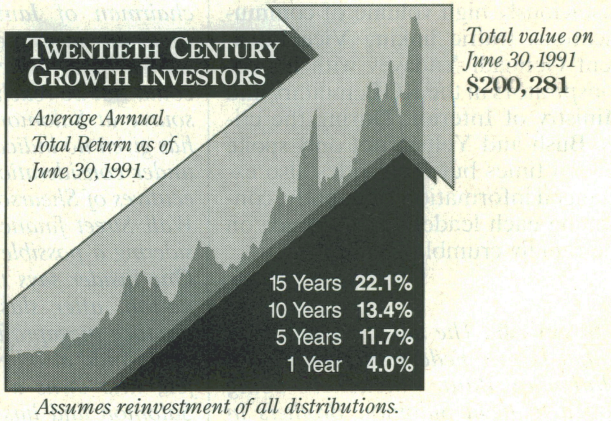
AL GORE has joined the new status list: Democrats who will not make the 1992 run for the White House. Gore explained that he will forgo a second grueling presidential campaign to spend time with his family, including 8-year-old Albert III, whose recovery from a car accident two years ago has been difficult. The announcement by the 43-year-old senator from Tennessee came just as George Bush scored his own coup with his praised response to the Moscow crisis.

JOHN Q. PUBLIC was an American Everyman: a taxpayer beleaguered by government bureaucracy. He was the best known of the characters created by Vaughn "Shoes" Shoemaker, who published some 14,000 cartoons in the half century from 1922 and satirized generations of prominent figures on behalf of mainstream America. A 1947 cartoon "Still Racing His Shadow" depicted a worker labeled "New Wage Demands" trying to outrun his omnipresent shadow, "Cost of Living." It earned him his second Pulitzer Prize. Shoemaker died last week at the age of 89.

COLLEEN DEWHURST's last two Broadway roles were, appropriately, in dramas by Eugene O'Neill, whose plays brought the throaty actress international renown throughout her long career. Twice a Tony Award winner, Dewhurst, who died last week at the age of 65, also won three Emmys—the most recent for portraying Candice Bergen's mother on "Murphy Brown." Her film roles included a part in 1991's "Dying Young" with Campbell Scott, her son by actor George C. Scott, whom she married and divorced twice. Since 1985, she had served as president of Actors' Equity.

ALEX QUESADA—MATRIX; VAUGHN SHOEMAKER; AP

Strong sense of direction.



Assumes reinvestment of all distributions.

Call toll-free:
1-800-345-2021

Data quoted represents past performance. Investment return and principal value will fluctuate and redemption value may be more or less than original cost. For more complete information, including charges and expenses, call for a free prospectus. Please read the prospectus carefully before investing.

TWENTIETH CENTURY MUTUAL FUNDS

P.O. Box 419200, Kansas City, MO 64141-6200

USN

No-Load Family of Funds

WASHINGTON WHISPERS

YELTSIN, BUSH *swapped intelligence data on Moscow putsch*

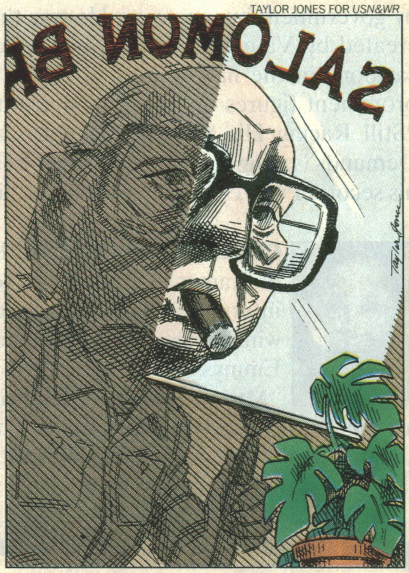
GATES: *White House says coup improved his Senate chances*

SALOMON *chiefs actually decided to tell all–but forgot*

■ **Very well wired.** Why were both Boris Yeltsin and George Bush confident the Moscow coup would eventually fail? One knowledgeable intelligence source whose specialty is the Soviet Union says that the two men shared considerable inside information on the ringleaders' plans, internal wrangling and miscalculations. The source explains that Yeltsin has developed an impressive private network of human intelligence, including high-ranking officials of the KGB, the military and the Ministry of Interior – institutions that formed the crucial components of the plot. These officials, the source adds, pass on information to Yeltsin either because they are secret reformists or because they are opportunists who believe the Russian president will be the next Kremlin leader. As for what Bush may have known and when he knew it, the source says the formidable American electronic eavesdropping network probably picked up a suspiciously high volume of communications traffic linking Vice President Gennadi Yanayev with his coconspirators in the KGB, military and Ministry of Interior. During the crisis, Bush and Yeltsin not only spoke several times but their aides also exchanged information frequently, confirming each leader's intelligence on the rapidly crumbling coup.

■ **Street talk.** *The talk on Wall Street is that former Federal Reserve Board Chairman Paul Volcker is being wooed to head Salomon Brothers in the wake of the spreading bond-trading scandal (Page 16). Volcker, 63, who has impeccable credentials in the financial community, presumably would succeed multibillionaire financier Warren Buffett, who stepped in on an interim basis as head of the troubled firm after Chairman John Gutfreund and two other executives resigned on August 18. Volcker, currently chairman of James D. Wolfensohn Inc., an investment banking house started by a former Salomon partner, could not be reached for comment. A source at Salomon says: "Mr. Buffett has given no indication that Volcker is under consideration." Meanwhile, executives of Shearson Lehman, another Wall Street financial house, are considering a possible Salomon takeover. One insider says the resulting combination, after slashing staffs, would produce megaprofits for the firm. The deal would also be good news for Buffett, who owns a 16 percent stake in Salomon and has a $300 million investment in American Express, Shearson's parent company.*

TAYLOR JONES FOR *USN&WR*



Former Fed Chairman Paul Volcker
Will he clean up Salomon Brothers?

■ **A swing on Gates?** In the aftermath of the failed Soviet coup, Bush administration strategists are considering an aggressive lobbying campaign on behalf of Robert Gates, the president's embattled nominee to head the Central Intelligence Agency. The reasoning: Gates, No. 2 on the staff of Bush's National Security Council, was among the first to warn of an attack on Mikhail Gorbachev from right-wing hard-liners. That, in the view of the White House, demonstrates his exceptional skills in analyzing Soviet affairs. However, Gates's opponents are certain to point out that he has also been an archcritic of Boris Yeltsin and that until recently Gates, along with several ranking administration officials, dismissed the Russian leader as a "buffoon."

■ **High cost of forgetfulness.** *Well-placed sources familiar with the events say that after top executives at Salomon Brothers were informed last April that company officials had violated federal regulations limiting the amount of U.S. bonds that could be purchased by a single firm at a Treasury auction, they decided they would have to inform the government. The plan was to have Chairman John Gutfreund telephone Treasury Secretary Nicholas Brady and President Thomas Strauss call Gerald Corrigan, head of the New York Federal Reserve Bank, to let them know that Salomon had cornered the market at the April auction by controlling as much as 85 percent of the bonds up for bid. Despite the decision to make a clean breast of the violations, neither Gutfreund nor Strauss made the calls that might have saved their jobs and limited the burgeoning scandal. So far, their only explanation is that in the press of business, they simply forgot.*

■ **Messenger service.** Both American and Soviet diplomats suspect that Viktor Komplektov, the Kremlin's envoy in Washington, may be on his way out, following the ouster of his patron, Foreign Minister Alexander Bessmertnykh. Although Komplektov claims he was simply serving as a messenger when he delivered a note from the leaders of the failed coup to President Bush, sources inside the Soviet Embassy say Komplektov, a graduate of the Andrei Gromyko school of hard-line diplomacy, was sympathetic to the messages he was carrying.

EDITED BY CHARLES FENYVESI

Our international passengers start clearing customs before our planes even land.

While we're flying your packages overseas, detailed shipment information is flying ahead on UPSnet,℠ our global data network.

That gives UPS customs brokers in destination countries a sizable head start: from 2 to 36 hours. And that gives us extra time to sort out potential clearance problems before the packages even arrive.

As a result, UPS international shipments are well on their way while other delivery companies are still getting their paperwork in order.

What's more, this technology doesn't just make us faster and more reliable. It makes us more efficient. So we can deliver to over 180 countries and territories, usually for a lot less than other companies charge.

So next time you have an international shipment to send, just send it UPS.

After all, many companies can fly your packages overseas.

It's what we're doing while they're flying that makes all the difference in the world.

UPS®

We run the tightest ship in the shipping business.®

©1991 United Parcel Service of America, Inc.

AIG IS 34,000 PEOPLE WORLDWIDE WITH INSURANCE KNOWLEDGE SECOND TO NONE. *In 130 countries and jurisdictions from Paris to Penang. Because we began overseas, in Shanghai in 1919, AIG has an international tradition other insurers have only recently attempted to create. We learned long ago that service means having*

local people steeped in their countries' business practices and needs. And developing a culture of innovation and responsiveness. All of which has made the AIG Companies the preferred insurance partners for businesses seeking global growth opportunities. Wherever those businesses are based.

AIG **WORLD LEADERS IN INSURANCE AND FINANCIAL SERVICES.**

American International Group, Inc., Dept. A, 70 Pine Street, New York, NY 10270.

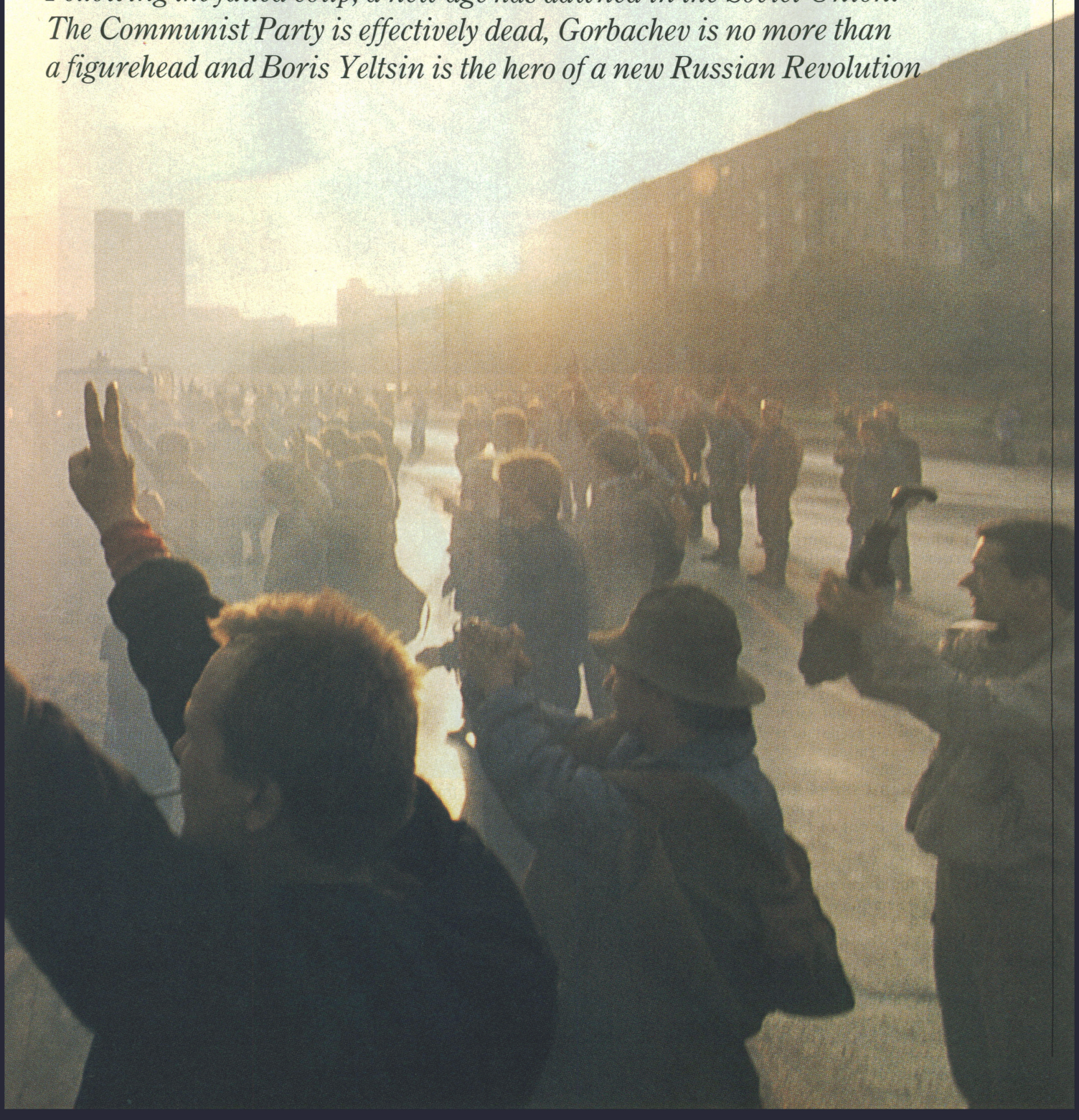
SPECIAL EDITION

THE NEW RUSSIAN REVOLUTION

KLAUS REISINGER – BLACK STAR FOR *USN&WR*

Russia Reborn

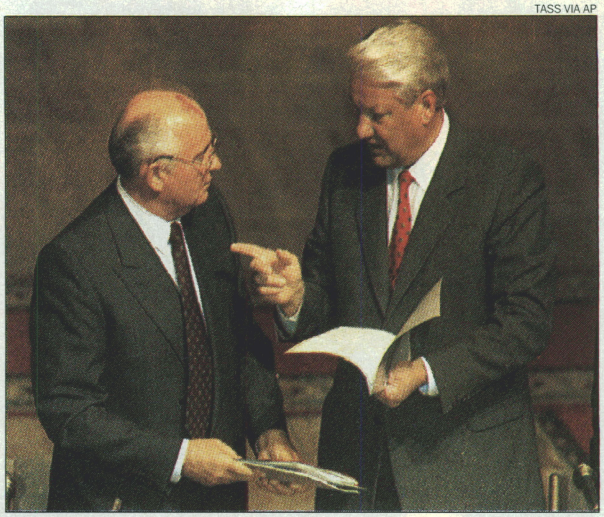
Following the failed coup, a new age has dawned in the Soviet Union. The Communist Party is effectively dead, Gorbachev is no more than a figurehead and Boris Yeltsin is the hero of a new Russian Revolution



KLAUS REISINGER – BLACK STAR FOR *USN&WR*

Down and out. *The statue of KGB founder Felix Dzerzhinsky, toppled from its place at KGB headquarters, is carted away.*

TASS VIA AP



Now hear this. *Gorbachev gets the word from Yeltsin.*

Never in the 74 years that the Communist Party ruled the diverse peoples of the Soviet Union has there been a greater act of apostasy. Throughout the decades of habitual lying, political purges and murders by the million, nothing shook the party created by Vladimir Ilyich Lenin so much as the rejection of one of his most devoted believers. It is a measure of the party's terminal condition and perhaps of Mikhail Gorbachev's lingering belief in communism that Gorbachev tendered his resignation as the party's general secretary through a spokesman, without a ringing condemnation of its abuses, then slipped into his limousine and sped out of the Kremlin gates into the night. "I do not consider it possible," Gorbachev's statement said, "to continue to carry out the functions of general secretary of the party. I resign."

Gorbachev's decision was no more than an acceptance of the breathtaking new political realities in the Soviet Union after the failed coup, but even at the bitter end, he still seemed not to comprehend how profound the changes were. Before he finally resigned his party post, the Soviet president had spent the three days since his return to Moscow defending the party from the politicians, peasants and proletariat across the Soviet Union's 11 time zones who saw the failed coup attempt as their best chance to dismantle the party once and for all. "To prohibit the Communist Party," Gorbachev told members of the Russian parliament just a day before his Saturday statement relinquishing his post, "I have to tell you, [it] would be a mistake." The party issued its own statement: "Several party committees and mass media supported the actions of the state criminals," the statement said. "This put millions of Communists in a position of uncertainty."

Even in defeat, Mikhail Gorbachev was unable to grasp the very things that had transformed him into a loser and Boris Yeltsin into Moscow's new political colossus. It was not because the Communist Party had supported the coup against Gorbachev that tens of thousands of Muscovites gathered on the cobblestones off Red Square last week; it was because of the party's long legacy of corruption, brutality and inefficiency. That was why Mikhail Gorbachev's beloved party was so thoroughly despised by his countrymen. In the end, that was what Gorbachev could never quite accept.

That Gorbachev should have rung the death knell on communism's domination of the vast land mass of the Soviet empire is a supreme irony. A man who had climbed to the top of the Soviet empire employing superlative bu-

JEAN PHILIPPE GIROD – AFP

Showing their true colors. *Thousands ignore the state of emergency in a demonstration at the Russian parliament.*

reaucratic infighting skills, Gorbachev was tragically inept in the most critical week of his 5½ years in power and what may well prove to be the most critical week in the Soviet Union's history. Gorbachev had suffered two cruel shocks in the five days before his resignation. For three days he and his family had been kept under house arrest in the Crimea. Isolated, Gorbachev had vowed to take his own life before cooperating with those who had plotted the coup. Raisa Gorbachev was terribly shaken by the family's arrest and feared for her own life; reports soon suggested that she had suffered a nervous breakdown or a stroke. Raisa Gorbachev's fears may not have been misplaced. Just hours before Gorbachev's resignation, Boris Yeltsin announced that his aides had discovered a list of 12 Russian officials the coup plotters had planned to murder. Though they were woefully inept, the plotters were not loath to use violence. The second shock to Gorbachev was the coup itself. It was planned by men he had trusted, reportedly including Anatoly Lukyanov, the head of the Supreme Soviet and a friend Gorbachev had known since law school. Worse, in Gorbachev's eyes, was the fact that elements of the Communist Party had been informed of the coup and done nothing about it.

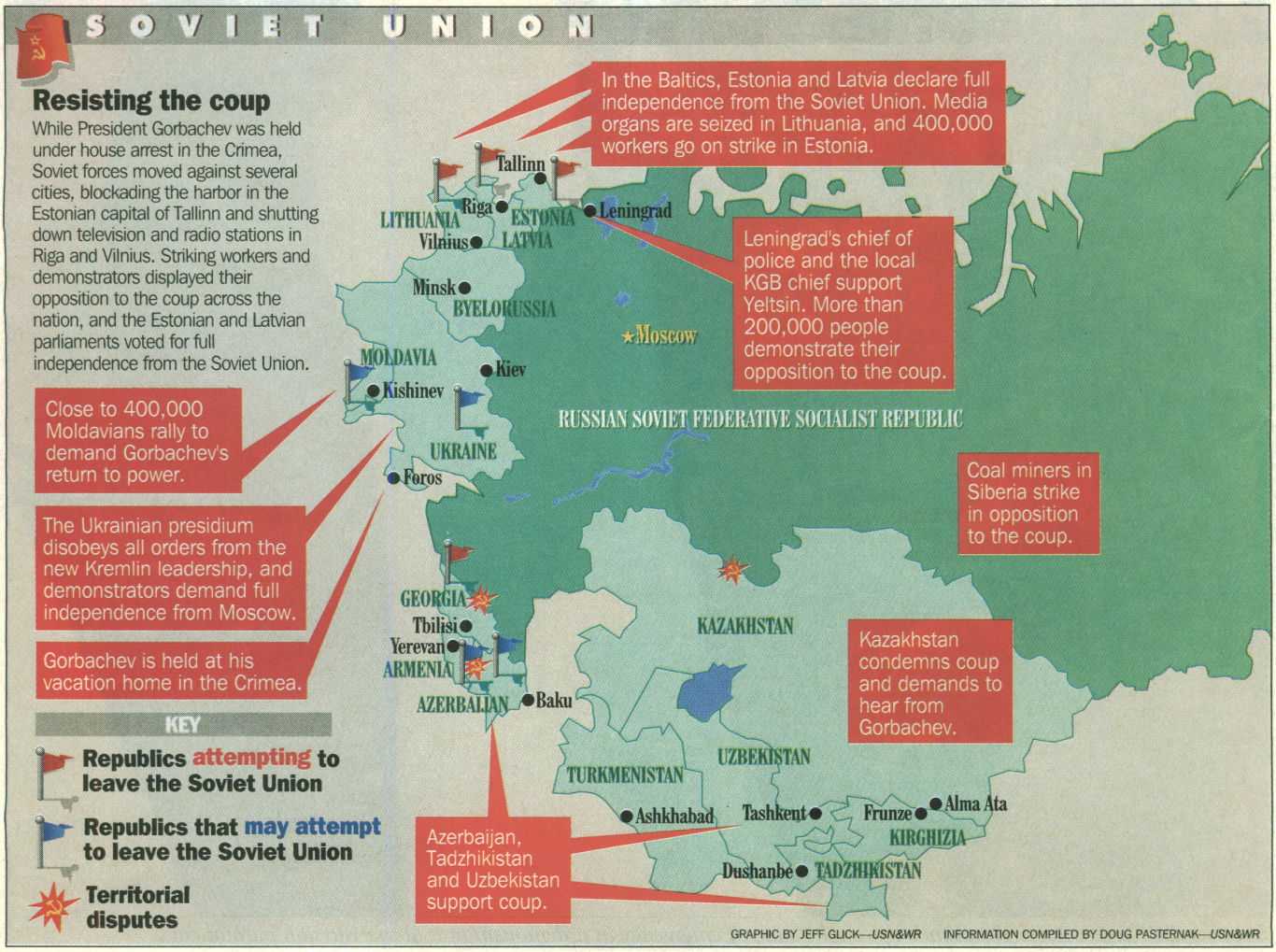
As Boris Yeltsin turns now to sort through the wreckage of the failed coup, the detritus of the Communist Party will be swept quickly aside. Already, Yeltsin has suspended all party activity in Russia. In Central Moscow, the party's immense headquarters building was blocked off by policemen, a big sign saying "Building Sealed" affixed to the entrance. With Gorbachev standing helplessly at his side, Yeltsin signed the decree against the party, and the two men had agreed to a clean sweep of key government officials.

This is where Yeltsin and Gorbachev differed. Gorbachev clearly believed that changing men was enough; Yeltsin wants the whole party apparatus scrapped.

When he clambered atop a tank and risked his life to oppose the coup, Yeltsin, the Russian president, was already the most popular political figure in the Soviet Union. With his immense new stature and influence (Page 38) now, Yeltsin will dwarf Gorbachev, who will remain for the moment as Soviet President, though that is certain to be only a figurehead position.

The death of communism clears the way for a radically changed political landscape in the Soviet Union. Immediately, there will be a political vacuum, and in a nation that had eradicated all other political parties until last year, the vacuum will be difficult to fill. Eduard Shevardnadze, Gorbachev's estranged former foreign minister, may be one of the earliest beneficiaries. He is the head of the newly founded Movement for Democratic Reform. The movement has not even declared itself a political party, but it may well provide a rallying point for pro-reform forces. It will be a beginning, in any event.

Teammates? How long Yeltsin will agree to work with Gorbachev and how much real influence he will allow the weakened Soviet leader to wield are unclear. At the Russian parliament,



Gorbachev was forced to sign Yeltsin-drafted decree after decree—including the one suspending Communist Party activity in the Russian Republic. But however they go about their business, Yeltsin and Gorbachev both must confront the problems of a rapidly disintegrating empire whose awesome centrifugal forces could quickly split it into pieces.

The coup has done nothing to improve the Soviet Union's disastrous economic situation: The major institutions of government are all discredited in the wake of the coup, and the economy is in a free fall, guided by neither the invisible hand of the market nor the iron fist of the central planners. Political power, meanwhile, is moving rapidly from the collapsing center to the republics.

The Army hierarchy is doubly discredited, having turned on Gorbachev without delivering enough force to remove him (Page 48). Yeltsin and Gorbachev moved quickly to appoint an Air Force general as the new defense minister, replacing Yazov. But more than ever, the military's disproportionate claim on the Soviet economy, estimated at about 20 percent of the Soviet Union's gross national product, will have to end. Reforming the KGB, long the guarantor of communist power, will be equally important (Page 46). Yeltsin and Gorbachev took the first step by naming a respected former interior minister to succeed the disgraced Vladimir Kryuchkov, the KGB chief who was a key conspirator in the coup.

Whether the administration of George Bush fully comprehends the breathtaking sweep of the changes wrought by the three-day coup and Gorbachev's resignation from the party is unclear. "I know the president would love for Gorbachev to stay around," says a senior adviser, "but I'm skeptical. It's kind of a Moses or Joshua question, and I'm afraid Gorbachev is Moses." It was Joshua, Moses's successor, who led the Israelites into the Promised Land.

While Bush's key advisers are increasingly worried about near chaos in the Soviet Union and privately express sharp criticism of Gorbachev for timidity, lack of a bold agenda, the president himself is still standing by his friend, who remains the titular Soviet leader. In Maine last week, he told several aides that it must have been "horrible" for Gorbachev and his family to have been placed under arrest in their own home. And he felt, aides said, that the rest of the world was piling on, criticizing Gorbachev for his alleged lack of vision, for his refusal to leave the Communist Party and to embark on swift reforms.

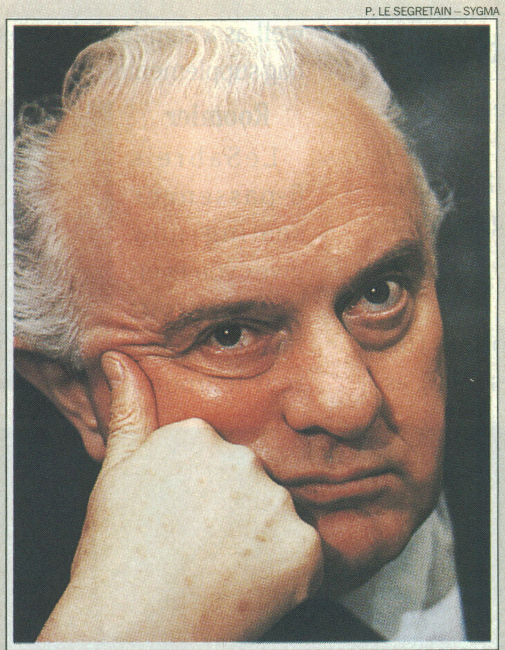
SHEVARDNADZE SPEAKS

'Mikhail Gorbachev has made this most serious mistake'

Former Soviet Foreign Minister Eduard Shevardnadze, one of the U.S.S.R.'s leading advocates of radical reform, spoke to *U.S. News* last week. Excerpts:

On whether he thought the coup would fail. I was optimistic (even at the darkest moments) because the people who illegally took power and illegally created this so-called committee were not able to get and cannot rely on the support of the people. Any government, or junta, or group that comes to power and does not have the people's support will inevitably go bankrupt.

P. LE SEGRETAIN – SYGMA



Reform champion. *Shevardnadze favors generosity for those who plotted the coup.*

On what should happen to the leaders of the coup. Certainly they are criminals, just criminals. But I would just express a certain generosity because all those people were nominated by the president and recommended by him. The main point here is that Mikhail Gorbachev has made this most serious mistake. It was *he* who has made the main mistake by forming such a team for himself.

Besides, knowing the complicated and difficult situation, he shouldn't have left the capital. He knew what was going on at the Supreme Soviet, when the prime minister demanded extraordinary powers and extraordinary rights. At the same time, three ministers—who later started the coup—accused him of liberalism and spinelessness. These were open attacks. He couldn't just leave Moscow in such a situation.

On the deaths of demonstrators. I feared there would be victims, and I mourn them. Young boys perished and I believe we should declare a period of national mourning. This is not just a tragedy for the families, this is a tragedy for the nation. I think we should bury them at the Kremlin wall.

On his reaction to the pro-democracy demonstrations. What unanimity! When I spoke at the rally at the Moscow Soviet and in particular at the White House, the residence of the Russian government and the Russian President, Boris Yeltsin, I felt this unanimity. All night long I was with people who came, on their own initiative, to the Russian parliament to protect the Russian government. I saw it with my own eyes that our people have completely changed. I am especially happy that I met a lot of young people there. This is the young generation with different convictions, with a different mentality, interests and goals.

I am a little uneasy speaking about it, but yesterday they embraced me and supported me. It is really good to know that young fellows—soldiers 18 to 19 years old—express the same feelings. They told me that they won't let me down. They told us that we can rely on their support—on the support of soldiers. These are completely different people.

How do you improve on a symbol for qua

You make

The New LeSabre

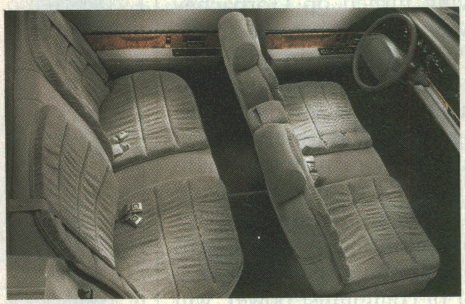
Buick LeSabre has earned an enviable reputation for quality. Of course, that didn't stop the people at Buick from striving to make LeSabre even better.

Safer

The new LeSabre offers the safety of anti-lock brakes (ABS), as well as a standard driver-side air bag supplemental restraint.

Roomier

LeSabre's 6-passenger seating now gives you even greater front headroom and rear legroom.



And the spacious trunk is easily accessible, thanks to the new low liftover design.

Quieter

LeSabre's aerodynamic new exterior is one designed to please both your eyes and

the car that became lity in America? it better.

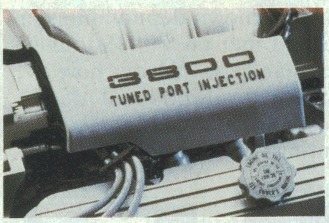
ears. Wind noise is reduced to a whisper, while special acoustical insulation all but banishes road noise from the interior.

More Powerful

The LeSabre's 3800 V6 engine now offers even more horsepower. Yet it gets an EPA estimate of 18 miles per gallon city/28 highway.

To learn more about the qualities that make the new Buick LeSabre even better, please call 1-800-531-1115.

Or better yet, we invite you to see your Buick dealer and enjoy a test drive today.



BUICK®

The New Symbol For Quality In America.

©1991 GM Corp. All rights reserved.
LeSabre is a registered trademark of GM Corp.
Buckle up, America!
GM

"The president is now more pro-Gorbachev than people who worked with Gorbachev for the last 15 years," says a senior administration official. "But a lot of it is emotional and temporary. The facts of the matter will cause him to change his mind." Says another top official: "Bush, because of his personal relationship with Gorbachev, probably will be the last to recognize the new reality, but eventually he will recognize it.... Things can never be the way they were before the coup, with Gorbachev the unrivaled leader of the Soviet Union." Despite what critics describe as Bush's "Tory tendencies" to deal with existing power structures while shunning opposition groups, the administration has belatedly begun to reach out to the republics.

Those contacts will be sorely tested in the days ahead. The failed coup has only highlighted the moral and political bankruptcy of the central government and the Communist Party. Of all the challenges faced by Yeltsin and Gorbachev, the most immediate is to manage the inevitable dissolution of the Soviet Union and to prevent it from deteriorating into civil war. In a nation where the republics have been tearing violently at the political and economic ties that bind them to Moscow, it was lost on no one that it was the leader of the Russian republic who saved the leader of the widely discredited union. "The center is nonviable," says Martha Brill Olcott, a Soviet specialist at Colgate

OLD FACES OF '91

The gang that couldn't shoot straight

The men who would have toppled Gorbachev were colorless, political nonentities who had little support even within their own institutions. But the eight members of the State Committee for the State of Emergency shared a belief in discipline and order as antidotes to rising crime and economic chaos. All were lukewarm supporters of *perestroika* and believed in economic restructuring only if it was imposed by a strong central government. Most owed their jobs to Gorbachev, who plucked them all from relative obscurity. All were veteran Communist Party apparatchiks.

Gennadi Yanayev. Gorbachev battled doubting reformers last December to get Yanayev, a 53-year-old party functionary, appointed vice president. The two differed on economic reform; Yanayev feared the high cost of change and believed that no more than 5 to 10 percent of all property should be privately owned. But they came from similar backgrounds: Each had risen through the Komsomol and the Communist Party apparat, worked in agriculture and studied law.

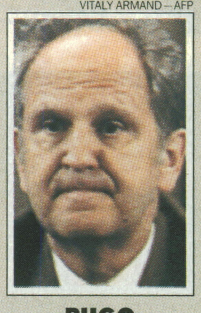
Vladimir Kryuchkov. Tapped by Gorbachev to head the KGB in 1988, the 67-year-old Kryuchkov launched a campaign to improve the agency's image. Although he earlier called for efforts to "win the minds" of Western politicians, lately he had been charging the West with trying to undermine Soviet society. Kryuchkov, like Gorbachev, was a protégé of the late KGB chief and Soviet leader Yuri Andropov.

Dmitri Yazov. Gorbachev used German teenage aviator Mathias Rust's uninvited landing in Red Square in 1987 to fire his defense minister and elevate Yazov, a little-known deputy minister whom he had met on a 1986 tour of the Soviet Far East. Yazov, now 67, began cutting deadwood out of the defense establishment but balked at implementing deeper reforms.

VITALY ARMAND—AFP

YANAYEV

VITALY ARMAND—AFP

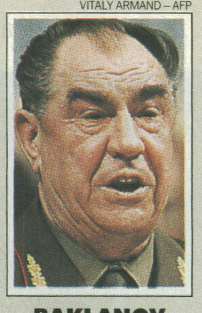


PUGO

NOVOSTI—SIPA

YAZOV

VITALY ARMAND—AFP



BAKLANOV

Boris Pugo. Gorbachev tapped Pugo last year to replace the liberal Vadim Bakatin as interior minister. His selection was interpreted as a signal that the center would take a hard line against breakaway republics. Pugo's fellow Latvians reviled him for persecuting dissidents while he was chairman of the Latvian KGB. In January, black beret troops from his ministry killed 13 civilians in Lithuania.

Valentin Pavlov. Named prime minister by Gorbachev in January, the 53-year-old Pavlov was part of a legislative attempt this summer to seize power. Like Yanayev, he advocated a cautious approach to reform. "We must ask ourselves whether we want to switch over to a market dependent on foreign capital, or our own," he once said.

Oleg Baklanov. A Ukrainian armaments specialist and technocrat, Baklanov, 58, pushed the interests of the military-industrial complex as first deputy chairman of the Soviet Defense Council and criticized concessions to the West. A conservative in party matters as well, Baklanov declared last year that "the party will not lessen discipline in its ranks."

Vasily Starodubtsev. Likely the most conservative member of the group, the 59-year-old Starodubtsev condemned radical economic reform as an "act of violence against farmers." A member of the Soviet parliament and chairman of the Peasants Union, he favored Stalin's system of collective and state farms and once called for a "coup" to prevent privatization of land.

Alexander Tizyakov. President of the Association of State Enterprises and Industrial Construction, Transport and Communications Facilities, Tizyakov was another insider in the military-industrial complex and a protégé of former Prime Minister Nikolai Ryzhkov. In a tense meeting with industrialists last December, Tizyakov demanded that Gorbachev slow economic reform and impose a state of emergency.

BY JULIE CORWIN

University and an expert on the Soviet Union's diverse nationalities. "It is the republics that will become the major decision-making centers now."

Indeed, as Yeltsin noted last week, assaults on Gorbachev's power have come early and often this year. On June 20 in a closed session of the Supreme Soviet, Prime Minister Valentin Pavlov requested that some of Gorbachev's presidential powers be transferred to him. In a debate that Gorbachev found out about only hours later, KGB Chief Kryuchkov, Interior Minister Boris Pugo and Defense Minister Yazov all supported Pavlov, criticizing Gorbachev sharply. At issue were Gorbachev's new alliance with Yeltsin and his negotiations with the republics over a new union treaty. Gorbachev barely beat back this attempt with a powerful speech the following day in the Supreme Soviet, but he dismissed the suspicions of several political allies that an "armed junta" would move against him next. "I wrote and submitted to him a note," said former adviser Alexander Yakovlev, "describing the possibility of the communist plot."

Such good friends. Last week, Mikhail Gorbachev's disaffected colleagues—led by Kryuchkov, Yazov and Pugo—returned once again, this time to resolve things once and for all. The timing was significant. The following day, Gorbachev was to sign the union treaty with the republics. The agreement itself was

NEW FACES OF '91

The rising stars of the second Russian revolution

Boris Yeltsin may be the biggest winner in last week's political crisis, but he is not the only one. The failed coup introduced new players on the Soviet political scene, and it gave new prominence to Leningrad Mayor Anatoly Sobchak as well as former Foreign Minister Eduard Shevardnadze, Alexander Yakovlev and other early architects of *glasnost* and *perestroika* who had faded from view after Mikhail Gorbachev drifted to the right.

EDUARD GLADKOV FOR *USN&WR*

VOLSKY

BRUCE STRONG—*USN&WR*

SOBCHAK

VITALY ARMAND—AFP

KOZYREV

MALCOLM LINTON—SIPA

BAKATIN

Like the apparatchiks who tried to overthrow Gorbachev, most of the rising stars of Soviet politics were once career communists. But unlike the defeated party stalwarts, all of them now have either left the party or entered new political alliances. They advocate rapid economic reform and a reconfigured republican confederation.

Gen. Yevgeny Shaposhnikov. The new Soviet defense minister, 49, headed the Soviet Air Force. A former fighter pilot, he climbed the ranks as a political officer. Shaposhnikov is the youngest and least conservative of the deputy defense ministers but remains a member of the Communist Party Central Committee. After the gulf war, Shaposhnikov acknowledged that the Soviet military could learn from the West and proposed high-tech improvements for the Air Force.

Vadim Bakatin. Conservatives hounded the new chief of the KGB out of his post as interior minister last year after he scaled back Communist Party influence in the national police force. He found refuge as a national security adviser to Gorbachev. Bakatin ran against Yeltsin in the recent Russian presidential election after he turned down Yeltsin's offer to make him his running mate.

Arkady Volsky. One of the front-runners to replace Pavlov as prime minister, Volsky, 59, heads the Scientific Industrial Union, an association of industrialists and business leaders who represent enterprises that account for about 65 percent of national output. Volsky grew close to Gorbachev while serving as a personal aide to the late Soviet leaders Yuri Andropov and Konstantin Chernenko. He embraces market reforms, including tax breaks for profitable businesses.

Victor Barannikov. The new interior minister, 51, will decentralize and restructure the Soviet Union's national police and internal security force. Last autumn Yeltsin lured Barannikov from the All-Union Interior Ministry to be his Russian interior minister. Barannikov lambasted Russian law-enforcement agencies for outdated methods and cracked down on slipshod investigation of mounting economic crime. He quickly ousted Communist Party cells from the Russian Interior Ministry, a move he'll repeat now at the national level.

Andrei Kozyrev. As foreign minister of the Russian Federation, Kozyrev, 39, flew to Western Europe to muster crucial support for Yeltsin during the coup. He left a promising career in the Soviet Foreign Ministry last year to join Yeltsin's team. With the resignation of Foreign Minister Alexander Bessmertnykh, who allegedly directed Soviet embassies to seek support for the coup leaders, Kozyrev could move up. A protégé of Shevardnadze, Kozyrev makes it plain that the Russian Republic wants to cut military spending and aid to former allies abroad.

Ivan Silayev. The Russian prime minister, 60, was Yeltsin's main emissary during the coup. After bargaining with coup leaders throughout the crisis, the white-haired career bureaucrat flew to the Crimea to rescue Gorbachev. Yeltsin's choice of Silayev as prime minister drew fire from liberals, who complained that Silayev's long experience in Soviet central government wasn't right for reform-minded Russia. But he has emerged as an innovative leader, and Yeltsin wants him to be the new Soviet prime minister.

BY JULIE CORWIN

an indication of how much power the Communist Party had lost. By midsummer, Moscow could not even guarantee that the treaty would contain a clause giving the central government independent authority to raise taxes. In fact, analysts say, the union treaty accorded Moscow only vaguely defined responsibilities and powers. In every important area, by contrast—on foreign policy, economic matters and military affairs—the treaty confers on the republics undefined but apparently unlimited powers. Some of the republics would not accept even these conditions. The Baltic States of Estonia, Latvia and Lithuania made it clear that they wanted nothing to do with any treaty with Moscow; they want out. Moldavia, Georgia and Armenia also rejected critical portions of the treaty.

In the aftermath of the coup, Gorbachev's resignation and the demise of the Communist Party, these disputes seem almost trivial. Now the republican leaders will have to deal with Yeltsin, and to a far lesser extent, Gorbachev, as interlocutors in striking a new agreement with Moscow. A day after the coup ended, Estonia and Latvia declared immediate independence from Moscow, joining Lithuania; there are similar moves afoot in several other republics, foremost among them the Ukraine. Says Oleg Bogomolov, director of the Institute of International Economic and Political Studies in Moscow: "The coup pushed ahead the disintegration of the union." In the republics, some local leaders have been so weakened by the attempted putsch that they, too, could be forced from power. In the Ukraine, the second-largest republic after Russia, Communist Party Chairman Leonid Kravchuk—whom Richard Nixon once called the Soviet Union's most impressive politician—came under heavy fire for waiting until the second day to condemn the coup. Shake-ups in the republics could create new power vacuums that would only make the disintegration of the Soviet empire more convulsive.

Russia reborn. Despite the risks, the breakup of the Soviet Union, like that of other multinational empires, now seems inevitable. Some analysts suggest that representatives could meet in a kind of Philadelphia-style constitutional convention and forge some new relationship with each other based on common interests and economic needs. But for that, they don't need Gorbachev. Or Yeltsin, for that matter.

If a confederation proves difficult to achieve, the Soviet empire could fracture into several different entities characterized by common heritages. The Baltic States might well remain independent of each other while establishing strong trade ties to Moscow, selling finished goods and purchasing energy. A Slavic confederation might link Russia, the Ukraine, Byelorussia and perhaps Moldavia. In the Caucasus and Central Asia, rent by centuries-old religious and ethnic rivalries, it is more difficult to envision such partnerships.

The greatest danger, as the Soviet Union confronts the most profound and dangerous identity crisis in its history, is nationalism resurgent. To many, even those who adore Boris Yeltsin, the hero of the failed coup represents not the new Soviet man but the essence of *Russian* manhood. With a history of intolerance to non-Russians, especially Jews, and a long tradition of exploitation, an assertive Moscow would not quite rival Imperial Russia of the 18th and 19th centuries. But with its overwhelming size and power, it could dominate smaller republics relying heavily on its raw materials.

Still, the collapse of the existing union will clear the way for some of the republics, notably Russia and the Baltic States, to move conclusively toward market economies. But even those who admire the Russian president concede that he has few ideas about how to move the Soviet Union toward a market economy. "He believes in free markets like he believes in democracy," says a top U.S. official who has studied the CIA's psychological profiles of Yeltsin. "But he has no idea how to make a market economy work." With a small grain harvest, the onset of fall and the prospect of a cold winter, the immediate crisis is urgent. "Significant shortages of food, fuel and electricity are all expected this winter," says Gregory Grossman of the University of California at Berkeley. "Not much can be done about them in the short run without foreign food assistance."

Moreover, simultaneously disintegrating both political and economic power could only complicate matters by pitting the republics against one another. "The decentralization of economic power away to the republics," says Thane Gustafson, director of Soviet studies at Cambridge Energy Research Associates, "will not bring stability, but fiscal crisis."

One bit of good news to emerge from the failed putsch is that it will almost certainly result in a sharp, though perhaps short-lived commitment of foreign aid for the Soviet Union. George Bush has told his advisers that he is not prepared to sit by and watch the Soviet people freeze or starve this winter. Diplomatic sources say that an emergency team from the International Monetary Fund will be dispatched to Moscow in the next few days to itemize the most pressing needs of the Soviet Union. Germany, with 272,000 Soviet soldiers and 188,000 of their dependents on

ALEXANDER ZEMLIANICHENKO – AP

Heating up. *Buses burned and some people died, but there was surprisingly little violence.*

their soil, is the most eager among industrialized Western democracies to put together a large aid package.

The party's over. But the Bush administration, supported by Japan, rejects that. The United States has agreed to offer Moscow associate status in the IMF, technical assistance in converting its defense industries into factories producing consumer goods and $1.5 billion in loan guarantees for the purchase of agricultural goods. That's it, though; no handouts. "You're not going to see the Soviet Union succeed economically," says a senior U.S. diplomat, "through the mechanism of check writing by others."

At this critical juncture in the long and tragic Soviet history, this is the irreducible conundrum. The institutions that have held the nation together by force—the party, the KGB, the military and the bureaucracy—are bankrupt. The party had been hemorrhaging anyway, so it is difficult to say how its death will affect the institutions of government.

A new mystery. The reasons for the party's death were precisely what Mikhail Gorbachev did not understand. Gorbachev was quick to sweep out senior members of the Communist Party who were informed of the coup against him but did nothing to stop it. Had the Army thrown in with the plotters of the coup, Gorbachev's long-time political cronies would have quietly accepted the explanation that Gorbachev's health had failed him. Then they would have gone about their business. For as long as they have been in power in Moscow, the communists have denigrated facts at the expense of fantasy. But when Gorbachev insisted on a policy of *glasnost*, beginning with the 19th Extraordinary Communist Party Conference in 1988, he cut the legs out from under the Kremlin fabulists.

The biggest mystery of the Gorbachev story has always been that a young man trained and bred by the Communist Par-

WAS THE COUP DESIGNED TO FAIL?

A botched plot spawns a host of conspiracy theories

It's not surprising that before the dust settled behind the retreating tanks, suspicions were rife that the Kremlin coup was a Potemkin putsch. Part byzantine, part Bolshevik, the Soviet psyche is steeped in conspiracy, intrigue and secrecy.

Eduard Shevardnadze wondered aloud if the Soviet leader himself had been mixed up in the plot—and Gorbachev responded by attacking his old comrade, not denying the allegation. Boris Yeltsin referred cryptically to the coup's unseen "ninth" member, a remark some suspect was aimed at parliament speaker Anatoly Lukyanov, a close friend of Gorbachev's.

Maybe the plotters' real aim was to dispose of Yeltsin and other reformers but leave a cowed Gorbachev in office. Perhaps the coup was designed to fail, an elaborate charade designed to revive Gorbachev's flagging political fortunes.

At least, that would explain the plotters' bungling. Why didn't the KGB pull the plug on communications, both inside the country and with the outside world? Why weren't electricity and water cut off to the Russian parliament building? Why did the military give demonstrators time to ring the Russian building? How did Yeltsin's plea for civil disobedience slip onto state-run television and Tass?

On a more sinister note, why wasn't Gorbachev killed and his death attributed to a heart attack, thereby legally handing power to the hard-liners? One conspiratorial answer: The KGB first helped launch the coup, then guaranteed its failure.

"The KGB acted as a kind of stage master, moving people around, brokering compromises and apparently restraining the military," argues John Erickson of Edinburgh University. "The timing of the coup, its lack of a coherent program and the choice of a nonentity like Yanayev to lead it all smack of stage management to bring about what actually has happened: a cathartic cleaning of the system."

Another theory holds that the coup was genuine but that Gorbachev learned of it in advance and made sure it would fail and doom the hard-liners. Younger KGB and military officers loyal to Gorbachev foiled the plot by failing to carry out their hard-line superiors' orders.

Unflattering pictures. But why would Gorbachev agree to a scheme so fraught with danger and uncertainty? Why would he engineer a coup that boosted Boris Yeltsin's standing at his own expense? Who permitted the televised coverage of an exhausted Gorbachev descending from the airplane in Moscow under heavy guard, his wife, Raisa, and his granddaughter huddled behind him, which so eroded his image? Why would KGB chief Vladimir Kryuchkov, a skilled political survivor, handle the coup so badly?

Enter another conspiracy theory, one that would make Machiavelli jealous: Gorbachev did not plan the coup, and he is not the real power in the Soviet Union. He merely does the bidding of the KGB-military leadership that brought him to power but which now has ditched the Communist Party and is seeking to build a new state around a strong Russia.

If this theory holds, Gorbachev—who returned still espousing support for communism and the party—may be sacrificed later along with them. The KGB will be reborn as a pro-reform crusader under its new chief, Vadim Bakatin, a former party apparatchik now regarded as a liberal.

Soviet spin doctors and commentators—many pegged until recently as KGB front men—have tried to steer the Western media away from conspiracy theories. George Bush rejects the allegations as "ridiculous." With that, a good Russian might suspect that he's in on it, too.

BY JEFF TRIMBLE

ILLUSTRATION BY STEVE McCRACKEN FOR *USN&WR*

ty, who knew nothing but the party, could have unleashed such powerful forces against it. In the wake of the coup, the answer seemed fairly clear: Gorbachev, the party animal woefully out of touch with his own countrymen, never comprehended the power of those forces.

There was a time when Gorbachev would plunge fearlessly into crowds of Soviet citizens, arguing with peasants and proletarians for his programs. After his return from the Crimea last week, Gorbachev went straight home. With crowds surging across the cobblestones of Red Square, gleefully puffing their cigarettes in defiance of the ubiquitous "no smoking" signs, Mikhail Gorbachev was nowhere to be seen. In 1964, the last time Moscow witnessed a political coup, no one said a word when Nikita Khrushchev was expelled from the Kremlin. The demonstrations in Moscow last week were dramatic evidence of how Soviet society has been transformed, something for which Mikhail Gorbachev can take much credit. But the crowds were not demonstrating for Gorbachev's return. They were condemning the communist Old Guard for having had the audacity to attempt the coup. And they were rallying to the side of Boris Yeltsin.

Some of his colleagues date the most profound change in Gorbachev to the October 1990 parliament session, where he rejected the so-called "500 Days" plan drawn up by the economist Stanislav Shatalin. The plan would have converted the Soviet command economy to a market-oriented one in 500 days. Besides *glasnost* and *perestroika*, Gorbachev had once emphasized a third concept: *uskoreniye*, or acceleration. He had rejected acceleration long before he rejected the 500 Days plan, but its rejection convinced some friends and advisers that Gorbachev had lost his political bearings once and for all. "From the moment when the 500 Days program was discussed," says Alexander Yakovlev, once Gorbachev's most trusted adviser, "he obviously moved to the right."

With Boris Yeltsin having now eclipsed Gorbachev, he will set the pace of change in the coming days. Yeltsin is not known as a patient man. If Gorbachev is to become anything more than a figurehead, he will have to completely reject his communist past. If he does not, Yeltsin will leave the architect of *perestroika* and *glasnost* in the dust forever. And as he drives away, Boris Yeltsin will almost certainly be accelerating. ■

BY BRIAN DUFFY WITH DOUGLAS STANGLIN AND VICTORIA POPE IN MOSCOW, KENNETH T. WALSH IN MAINE, AND JEFF TRIMBLE, JULIE CORWIN, CARLA ANNE ROBBINS AND DOUGLAS PASTERNAK IN WASHINGTON

THE AGE OF YELTSIN

Fanfare for the common man

Boris Yeltsin, the most powerful figure in the U.S.S.R., now faces the tough job of governing

When news of the coup attempt hit Moscow, Boris Yeltsin quickly summoned his aides to the presidential *dacha* in a birch forest near Arkhangelskoye, 20 miles southwest of the capital. When they arrived, about 6 o'clock Monday morning, they found Yeltsin already scribbling down the first draft of an appeal to the nation. Five hours later, with tanks ringing the Russian parliament building and the coup in full swing, the white-haired president of Russia, holding a sheaf of papers in his hand, clambered atop one of the armored vehicles to make his position perfectly clear: "No matter how the organizers of the coup explain their motives, they commit crimes against the people."

It was vintage Yeltsin, plunging headlong into troubled waters when few Soviet politicians dared even to test them. From inside his fifth-floor office, guarded during the crisis by 300 special troopers dressed in flak vests and armed with automatic weapons, Yeltsin personally rang up coup leader Gennadi Yanayev to berate him, according to a close aide. "Keep in mind that we do not accept you gang of bandits," Yeltsin told him on the first day of the coup. Replied a confident Yanayev: "We will keep in mind everything." Undeterred, Yeltsin chose to ratchet up the rhetoric—and the personal risk—by publicly warning that the coup leaders would be tried for treason.

Brave or reckless? Yeltsin's instinct for action and his refusal to play it safe are his most dominant traits—ones his detractors call reckless and dangerous but his admirers call courageous. (As a child, he lost two fingers trying to take apart a hand grenade he had stolen from a weapons stock.) But even his admirers worry that his brilliance at the barricades will fade once he returns to the tedious work of governing.

Last week, mixing bluster with defiance, Yeltsin alone kept the fragile democratic forces afloat in the early hours, and turned the tide against the coup. Pavel Voshchanov, a Yeltsin adviser who kept a loaded Kalashnikov assault rifle beside his desk throughout the ordeal, thumped the table and sneered at the play-it-safe politicians who caught "diplomatic flu" at the critical hour. "Today everyone is condemning the coup leaders," he said. "Today they are all appearing on the scene. But last Monday, there was only Yeltsin—alone."

By coolly facing down the coup, this Siberian peasant's son has become the symbol of a new Russia and the dominant force in Soviet politics. He has shattered the myth of the Communist Party's omnipotence and established himself as the rightful heir to power. But his stunning rise to the top of Soviet politics raises new worries over his unbridled ego, his Russian nationalist leanings and his shoot-from-the-hip style. In fact, some Russian deputies even think that he is reluctant to push for direct election of the federal president in order to keep popular local figures such as Leningrad's Mayor Anatoly Sobchak from grabbing a share of the political limelight.

There also is concern that Yeltsin's enhanced stature could alienate republic leaders already wary of Russia's oversized role in the union, sparking more fragmentation. Aides note with barely concealed disdain that while the three tiny Baltic States and Moldavia called Yeltsin with support on Monday, the big republics that eventually joined in waited a full 24 hours before doing so. A string of eight republican flags held aloft by a dirigible over Russia's parliament reflected the new pecking order. Russia's tricolor was first and biggest.

By week's end, Yeltsin was also first and biggest. His uncanny feel for the public mood has redefined political leadership in the Soviet Union, which has long been dominated by stodgy, aloof party hacks. Like Poland's populist, Lech Walesa, Yeltsin knows how to articulate the concerns of the crowd and to keep one step ahead of the people.

Russian populist. As 200,000 people crowded below the sun-drenched balcony of the Russian parliament to celebrate the collapse of the coup, Yeltsin sparked upraised fists and shouts of "Yeltsin, Yeltsin" when he announced a new decree banning party cells in the military. With equal verve, he then called for a vote from the crowd on his proposal to rename that very square, still littered with wood and iron barricades, "Free Russia Square." Tens of thousands of hands shot in the air in approval. Later, as thousands of jubilant Muscovites in front of the KGB headquarters tried to tear down the statue of Felix Dzerzhinsky, founder of the Soviet secret police, Yeltsin went them one better: He *decreed* that it be pulled down. It was, four hours later.

If Yeltsin had been content to play it safe, he would probably still be back in Sverdlovsk overseeing construction workers. But his boundless energy and a can-do spirit inevitably drove him into politics in the late 1960s. In 1976, President Leonid Brezhnev picked him for the coveted post of first party secretary in the Sverdlovsk region. For nine years, the rough-hewn Yeltsin played the consummate politician, making a point of riding public transportation and often helping to bring in the potato harvest.

There were also a few blights on his record. It was on Yeltsin's watch that party bosses sent bulldozers in the middle of the night to destroy the house in Sverdlovsk where Czar Nicholas II and

KLAUS REISINGER – BLACK STAR FOR *USN&WR*

At the top of his game. *Yeltsin addresses supporters cheering the coup's collapse.*

his family were murdered by Bolsheviks. Nervous party leaders in Moscow feared it was turning into a virtual public shrine.

But in a party filled with hacks and hangers-on, Yeltsin stood out. So when Gorbachev sought a new, energetic team in 1985, he plucked Yeltsin out of provincial obscurity to make him head of the Moscow party organization. The restless Yeltsin once again caught the public fancy by riding the Moscow subway and turning up unexpectedly at food stores to complain about shortages and the poor quality of goods. But among the Communist Party bureaucrats, he also made some powerful enemies by firing local party secretaries and railing against privileges for the party elite.

ALAIN P. HOVASSE – AFP

Yeltsin's impatience finally brought him into conflict with his more cautious patron, Gorbachev. Miffed by Gorbachev's refusal to defend him against critics, particularly conservative Politburo member Yegor Ligachev, Yeltsin complained at a party plenum in 1987 that Gorbachev was dragging his feet on reform. Rankled, Gorbachev shot back: "Aren't you satisfied that all Moscow revolves around you?"

It took courage for Yeltsin to take on the conservatives—and he paid a price. He was dumped from the Politburo and exiled to the minor post of deputy chairman of the State Construction Committee. But he fought back, running for an at-large seat for the Congress of People's Deputies in 1989. The more Gorbachev and the party tried to discredit him, the more popular he became. He won the seat with almost 90 percent of the vote, then stunned the political establishment by quitting the Communist Party, sending his popularity into the stratosphere.

Yeltsin cannily chose to build his power base in the Russian federation, outside the Kremlin and outside the party. That allowed him a chance to draw on nationalist sentiment at a time when Gorbachev was trying to hold together a disintegrating empire. At first, the Russian parliament picked him as chairman and Yel-

CENTRIFUGAL FORCES

The disintegrating empire

The earthquake in Moscow has sent a tidal wave crashing into the Soviet Union's restive republics. Some republics are moving rapidly toward independence, and in others local governments and Communist leaders are tottering.

As the Soviet Union disintegrates, the problem is how to prevent the breakup of an empire of more than 100 nationalities from degenerating into a series of feuds, border wars and rebellions. The unfinished union treaty that Mikhail Gorbachev had hoped would govern the inevitable shift of power from the center to the republics is hopelessly vague and will almost certainly have to be renegotiated.

The cornerstone. The key to the nation's evolution may be the Ukraine, the second largest republic after Boris Yeltsin's Russia, with about 18 percent of the Soviet population and almost half of the Soviet Union's agricultural output. Last week, Ukrainian leader Leonid Kravchuk resigned from the Communist Party, and under pressure from the independence group Rukh, the Ukrainian parliament declared Ukrainian independence, subject to a referendum on December 1. Legislators in Kiev also called for the creation of their own national guard and demanded control of Soviet troops on Ukrainian territory.

Still, economic ties may bind the Ukrainians to Russia: "The Ukraine's heavy industry depends on engineering industries in Russia," explains Richard Ericson of Columbia University. "However, it could declare its independence with a liberal trade policy that would leave most of the relationship intact."

The three Baltic republics, on the other hand, are speeding toward complete independence. Last week their leaders not only condemned the coup but seized the opportunity to press for foreign diplomatic recognition. "U.S. recognition is the ultimate guarantee that there will not be any more attempts to turn the clock back," said Ramunas Bogdanas, Lithua-

EAST NEWS – SIPA

LASKI – SIPA

Uneasy allies. *Gorbachev charmed presidents and prime ministers abroad, but Boris Yeltsin has won the admiration of the Russian people and is at his best among workers, like these Siberian coal miners.*

tsin had to contend with only a slim legislative majority against the conservatives. But early this year, fighting off a challenge by Gorbachev's allies to have him ousted, he turned the tables and rammed through legislation mandating a popularly elected presidency. Yeltsin won handily – even though the KGB tried to sabotage him – making him the first elected president in Russian history.

Yeltsin has used that badge of legitimacy as a powerful weapon in his ongoing bouts with Gorbachev, who has never faced a popular electorate. But in many ways, the two men needed each other – the rough-hewn Yeltsin pitting his democratic credentials against Gorbachev's party card, while the smoother Gorbachev cast himself as the sober centrist against a wild-eyed radical. Their personal feud spawned a "war of the laws" between federal and republican legislation diametrically opposed on such issues as legalizing private property. Yeltsin also tweaked Gorbachev by convincing striking Siberian coal miners, who had ignored Gorbachev's pleas, to return to their jobs with a pledge to take over the mines in the name of Russia and to give most of the profits to the miners. It was an indication of his capacity to govern.

When Gorbachev swung to the right last winter, Yeltsin stood up to him, and when tanks rolled over Lithuanian demonstrators in January, Yeltsin rushed to the Baltics, signed a declaration backing their claim to independence and organized rallies in support. He then called on Soviet soldiers not to shoot citizens, even if ordered to.

He has also come to Gorbachev's political aid, first signing a critical agreement that laid the groundwork for a draft union treaty, then rallying behind Gorbachev on the eve of his July meeting in London with Western leaders.

But now Yeltsin has broken out of the symbiotic relationship with Gorbachev to become his nation's most powerful politician – someone with the power to do things, not just block them. He, not Gorbachev, can now claim courage under fire, and his clear pre-eminence made Gorbachev's faint praise of Yeltsin in the aftermath of the coup seem both jarring and ill-advised. In a telling sign of the unmistakable shift of power, Soviet military police and KGB officers – hoping to capitalize on the abortive coup – almost immediately issued a call for a purge of high-ranking officers. They sent the appeal to Yeltsin. ■

BY DOUGLAS STANGLIN IN MOSCOW

DARRYL L. HEIKES – *USN&WR*

Independent trio. *Baltic leaders in Washington*

nian President Vytautas Landsbergis's foreign policy adviser.

But turning the clock forward may prove to be Lithuania's hardest task. So far, the country has focused on the political move toward independence, leaving until later the details of divorce after 50 years of shotgun marriage to the Soviet Union. Lithuania's economy, based on agriculture and backward light industries, is almost entirely dependent on the Soviet Union for markets and raw materials.

Democracy, too, has shallow roots in Lithuania. The republic's two decades of independence between the world wars were spent largely under authoritarian regimes, leaving locals little experience of the democratic art of agreeing to disagree.

Georgia and Moldavia, with less experience at democracy, may follow the Baltics out of the union. But the future of the other republics is even more uncertain. Armenia will hold a referendum on independence later this year. In Kazakhstan, President Nursultan Nazerbayev, a close Gorbachev ally and a leader in the negotiations over the future shape of the U.S.S.R., resigned his party posts. In the rest of Central Asia, hard-line leaders who supported the botched coup may lose power, and in Baku, the capital of Azerbaijan, thousands demonstrated against the local leadership's response to the coup. But all the republics are likely to find that it is easier to bring down the old order than to create a new one.

BY JULIE CORWIN
WITH PETER GREEN IN VILNIUS

If ROBIN MILLAGE paid much attention to conventional wisdom, she wouldn't be standing where she is today.

Petersburg, Alaska, is a tiny fishing village on an island off the coast of northern British Columbia. And for Robin Millage, it was nothing more than a vacation destination, until she saw it and decided to stay. You see, Robin's a bit of an adventurer.

Which may be why she recently bought a brand new Saturn, sight unseen, from a retailer in Spokane, Washington, and had it shipped 2500 miles to the village.

©1991 Saturn Corporation. Robin Millage is pictured with a 1992 Saturn SL2.

According to our records, not a lot of people do that.

But Robin wanted a car she could trust. A car that was easy to service. Plus, a car that wasn't going to leave her alone in the woods. And everything she read pointed to a Saturn.

Of course, Robin's an exception. And we realize that everybody isn't going to just pick up and move to some pristine island in Alaska and buy a Saturn.

So why do you suppose there are two on the island now?

SATURN.

A DIFFERENT KIND *of* COMPANY. A DIFFERENT KIND *of* CAR.

If you'd like to know more about Saturn, and our new sedans and coupe, please call us at 1-800-522-5000.

THE STREETS OF MOSCOW

'A new faith in the future'

Five portraits that etch fresh lines of hope for Russian society

In a week of upheaval and relief, large swaths of official Moscow were transformed into village greens. Into these spaces came the people of Moscow, many acting like citizens for the first time in their lives. They welded iron rods to street grates to slow the tanks. They kept all-night vigils, cooking over open fires. And at the end, they celebrated in Red Square. These acts, multiplied many times over throughout the country, made palpable what has been a slow but steady change: Soviet citizens are beginning to build the civil society denied them for 74 years. During these momentous days, Russians took stock:

EDUARD GLADKOV FOR *USN&WR*

Lyubov Struchova. *"Something really moved."*

LYUBOV STRUCHOVA

Order clerk, 34

■ Lyuba Struchova has always believed in God, and always gone to church. Her grandmother helped Father Boris, the local priest, with parish duties. Her father restored the church cupola. Though she grew up in a time of persecution for Russian Orthodox and other believers, she never feared reprisal in her little town of Zheleznodorozhny near Moscow. She even managed to sidestep the Young Pioneers, the Soviet Union's ideological version of the Scouts, by begging off to care for a sick mother.

But the present-day Soviet religious revival doesn't fill her with unmitigated joy: "It actually irritated me because suddenly everyone was in church. Those very same people who once made trouble for religious believers are suddenly the people who are in church." She is cynical, too, about her rulers. "I think Gorbachev has done what he can do. He should have resigned on his own initiative several years ago. We need real democratic elections. I'm not for Yeltsin either. He is a man who rejects principles too easily. But I understand that politics aren't done with clean hands. You can't take the pigs away from the trough."

Yet Struchova is passionate about her friends, and about her new acquaintances who protested the coup at the Russian parliament. "Something really moved," she says. "You know, we've been a nation of cowards, but we have become more courageous." This loosening of restraints, she admits, is due in large measure to the very same leader she would like to see go: "In the era of Gorbachev, there has been a new quality of faith in the future."

Her job, too, is due indirectly to new laws allowing for private enterprise. At the construction cooperative where she works, Struchova earns 600 rubles a month, about $20. Three years ago, she made 190 rubles working two shifts at a hospital. The change was a relief: She had been desperately short of cash since the death of her husband seven years ago. She holds up two book bags. One is for her daughter Anya, 8. It is brightly colored and comes from the West. The other is bland Soviet issue. "I don't believe such things are important, but some other children have good bags. A child feels more secure with good things."

YURI YASHNEV

Deputy director, computer joint venture, 29

■ Like most Russians who got interested in computers in the late 1970s, Yuri Yashnev is self-taught. He borrowed black-market books and swapped information with friends. He saw his first PC when he joined the military, which he signed up for because it offered him the best job he could find with a degree in mathematics.

But the emergence of joint ventures changed things. He could only get out of the military by taking a dismissal for incompetence. It stung his pride, but he didn't regret the move: He joined Net-Dialogue, a joint venture with an American partner. He has prospered, but his achievement is dampened by the hostility of others. "The prejudice shows in a variety of ways," he says with a weak laugh, as if to show he doesn't mind. "We earn a lot of money and people envy that. Also, Soviet people envy the possibility of business travel abroad."

The coup leaders tapped that resentment when they condemned "favoritism" toward private business and froze the hard-currency accounts of such firms. That energized Yashnev, who spent the first night of the coup at the Russian parliament. After long talks with demonstrators, he decided to donate a computer and laser printer to their cause. "This crisis," he says, "showed many people in both commercial and political structures that they should become one entity."

TATIANA POTAPOVA

Costume mistress, 38

■ Tanya Potapova had the politically correct upbringing of the Brezhnev years.

She joined the Young Pioneers, then Komsomol, the party's youth organization. She might have stayed in the throes of communist ideology if she hadn't stumbled onto the Mayakovsky Theater.

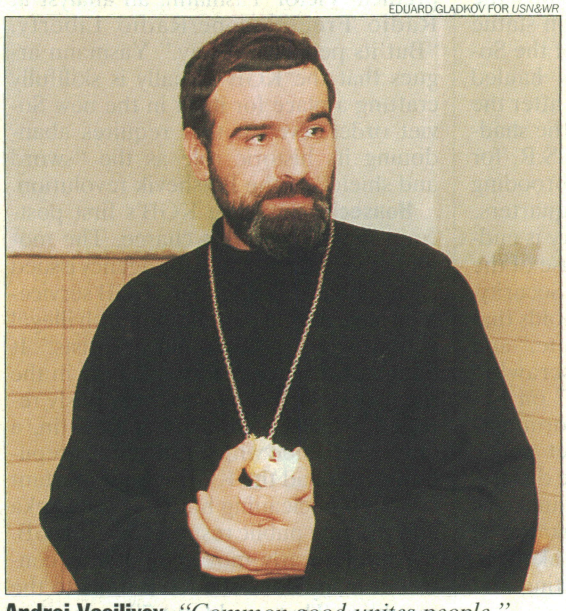
Named after a poet who sang the praises of the Bolshevik Revolution, the Mayakovsky was deemed a showcase of communism. The theater was admired for testing the limits during the Brezhnev years, but Potapova recalls that the director was "always in a state of compromise." If he wanted to stage a play the authorities didn't like, he would compensate by presenting two edifying ideological works. "Since Gorbachev, there has been virtually no censorship," she adds.

Potapova is proud of her job. Dealing with the actors, she says, "makes me feel like a psychiatrist at a mental institute." But she wants more. "I grew up in stagnation. I was part of a lost generation. But there are widening horizons now." In the first days of the coup, she worried that these broader possibilities were a thing of the past. As the situation stabilized, she doubled her resolve to get training so that perhaps she could begin designing and making costumes. "A more creative role," she explains.

EDUARD GLADKOV FOR *USN&WR*

Tatiana Potapova. *"I grew up in stagnation. I was part of a lost generation."*

EDUARD GLADKOV FOR *USN&WR*



Andrei Vasiliyev. *"Common good unites people."*

TATIANA BELYAKOVA, OLGA NIKOLAEVA

Artisans of the Arbat, 34

■ Ten years ago, when Tatiana Belyakova and her twin, Olga Nikolaeva, began making *matryoshki,* the wooden nesting dolls, it wasn't even legal to sell roses on the Arbat, the Bohemian quarter of Moscow. But in recent years, the Arbat has become a bustling bazaar where the crafts differ from the cookie-cutter style of souvenir stores. Some of the *matryoshki* are painted in the image of Gorbachev. Others, like the designs of Belyakova and Nikolaeva, are fanciful takeoffs on traditional styles.

The twins used to sell their wares to state-affiliated "art salons" for a fraction of today's price. But Belyakova and Nikolaeva refuse to link their improved livelihood to reforms under Mikhail Gorbachev. "Actually, Arbat was closed several times because people of the upper echelons wanted it closed," says Belyakova, as her sister nods in agreement. They, like many Soviets, express bitterness toward their restored leader. "I remember how we loved Gorbachev and thought things would be better," says Nikolaeva. No longer. "We've talked to our friends and many don't want Gorbachev back." In fact, Nikolaeva says that for many, fear was mixed with hope during the takeover. Despite concern over violence, some people thought the new leaders "might change something."

This skepticism extends to other leaders. "There are so many *matryoshki* with Gorbachev, Yeltsin and other leaders," muses Belyakova. "It is a way of making fun. And it says a lot. People who are really hungry, people whose life is not easy, just laugh at them. The craftspeople make these *matryoshki* with dull colors, as dull as our lives."

ANDREI VASILIYEV

Parish priest, 37

■ Father Andrei has his own date for when glasnost began. In 1989, he wrote to Dmitri Yazov, the defense minister, asking that a church near a military installation be given back to the faithful. To his surprise, the property was returned in two weeks. But the gesture didn't soften his stand on communism.

Since the 1968 Soviet invasion of Czechoslovakia, he has been a monarchist. "I want a system that would provide maximum economic prosperity and minimum political activity of the masses," he says. "I want specifically a Russian monarchy like under [Czars] Alexander II, Alexander III and Nicholas II." But he doesn't share these strong sentiments with churchgoers; he doesn't believe in activism from priests.

He is equally skeptical about the crowds that protested the coup. "Such demonstrations in Russia . . . have never led to anything good. They could lead to a blood bath." Nor does he believe that civil disobedience can help to awaken a passive society. "Common good unites people, not common demonstration. I don't think demonstrations are signs of freedom. They should be allowed, of course. But I believe it is better to have unjust order instead of just disorder. I prefer the swamp of stagnation to the most wonderful, just, civil war."

Attitudes about religion, he says, are changing. Many places of worship have been returned in recent months, taxing the resources of the Russian Orthodox Church. Father Andrei has a parish outside Moscow with two churches, both in need of repair. But equally demanding is the spiritual dilapidation he sees. "Because of Stalinization, people have disorder in their minds." ■

BY VICTORIA POPE IN MOSCOW

THE LEVERS OF POWER

The KGB: Still a potent force

In a disintegrating nation, the Committee for State Security may still hold the keys to power

Two long shadows disappeared from Lubyanka Square in central Moscow last week. One was the shaft of darkness cast by a 14-ton statue of Felix Dzerzhinsky, founder of the Soviet secret police, which was hauled away by jubilant demonstrators after the coup collapsed. The other was the shadow of fear cast across the U.S.S.R. for the last seven decades by the brooding Lubyanka building, KGB headquarters.

A chilling era of Soviet history is ending, perhaps even with the demise of the dreaded Committee for State Security. But an old Russian folk saying holds that "you can't scrub a black dog white," and although celebrants have scrawled "Freedom" and "Butchers Go" on Lubyanka's rough stone walls, reform may only mean replacing one secret police with another—or others—as the disintegration of the Soviet Union quickens. Under new chief Vadim Bakatin, a skilled politician, the KGB is likely to remain a vital key to consolidating and holding power amid the chaos.

Optimistic analysts were prompt to predict the emasculation of the KGB and distribution of its powers to various republican security agencies. It's also possible that the KGB could be split into domestic and foreign branches, giving it a structure similar to the CIA and FBI in the United States. "The KGB must be shorn of many of its functions," says Oleg Kalugin, a dissident ex-KGB general. "It must be killed as a state within the state."

That will not be easy. "The KGB will seek to destroy its old image, perhaps even change its name," predicts Victor Yasmann, an analyst at Radio Free Europe/Radio Liberty. "But its people will stay." Yasmann argues that the KGB actually is skillfully crafting a place for itself in the new Soviet order, even if that requires abandoning its historic role as the "sword and shield" of the Bolshevik revolution.

Housecleaning. The KGB's first post-coup moves back this charge. The moment the putsch ended, the agency issued a statement insisting that "KGB servicemen have nothing in common with illegal actions by the group of adventurists." It banned Communist Party activity in the security service, a move it previously rejected. The appointment of Bakatin, a Gorbachev aide with a pro-reform reputation, to head the KGB is an important first step in cleaning house at Lubyanka and winning public respect for the KGB.

Another early move could shift control of many domestic KGB units to the republics. That would put 70 percent of the KGB's domestic network at the disposal of Boris Yeltsin and of his vision of Russia. Conservatives such as Supreme Soviet Deputy Victor Alksnis pointed to the quick closing of Communist Party buildings as proof that anti-Communist, anti-conservative purges already have begun.

Disassembling the KGB will be a massive undertaking. It reaches from Lubyanka into almost every aspect of Soviet life. At home, the KGB not only protects the country's borders

KGB AT A GLANCE

- *The KGB has 220,000 uniformed troops, more than the U.S. Marines. It has more tanks than the British Army.*
- *The KGB's domestic duties range from border patrol to fighting organized crime, environmental protection and guarding the Soviet leadership.*
- *The KGB and its forerunners, including Stalin's NKVD, have killed at least 20 million people since 1918.*
- *Where the Soviet Union has just the KGB, the United States has 20 separate intelligence agencies.*

MIKE GOLDWATER—NETWORK/MATRIX

FREDERIC STEVENS—SIPA

NIEDIELYA AKHLOMOV—SYGMA

Men of many hats. *In addition to serving as spies and secret policemen, KGB officers are border guards and run Moscow's notorious Lefortovo Prison.*

and its leaders, it spies on Soviet citizens and has dossiers on everyone from journalists to high officials. Abroad, its First Chief Directorate agents carry on the world's largest espionage operation, operating out of Soviet embassies, trade missions, businesses and under cover as journalists, tourists and other travelers. Kalugin estimates that the KGB has more employees in Moscow alone than the Central Intelligence Agency and Federal Bureau of Investigation have together, worldwide. The agency attracts many of the Soviet Union's best and brightest with above-average pay and privileges such as better housing, a precious commodity in Soviet cities.

Ironically, under Gorbachev the KGB has become more powerful than ever. Former KGB chief Yuri Andropov was Gorbachev's political mentor and instilled in his protégé respect for the agency's capabilities. In 1985, then KGB chief Victor Chebrikov backed Gorbachev in his fight to become Communist Party general secretary.

In return, Gorbachev expanded the KGB's powers, giving it the leading role in fighting organized crime, which has burgeoned. This year, Gorbachev ignored reformers' warnings and accepted a new law codifying the KGB's sweeping powers in language so vague that it gave Lubyanka virtual carte blanche to define and enforce state security as it saw fit.

Beyond sheer size and tenacious bureaucratic survival smarts, the KGB has another powerful reason to resist reform: a past stained by the killing of at least 20 million people under Lenin and Stalin. Many of the officers who in more recent years persecuted dissidents and cultural figures, stifled religion and broke up democratic political rallies while ignoring legal niceties still hold senior posts in the agency. KGB professionals argue that they only followed orders, but they are horrified at the prospect of offices being ransacked and secret files revealed, as they were in Eastern Europe when Communist rule collapsed there.

Party villains. The KGB's eagerness to revamp itself may help explain the agency's ambiguous role in the failed putsch. Conventional wisdom holds that younger officers refused to carry out orders from the coup leadership. But the aftermath of the crisis suggests a more complex struggle at Lubyanka.

Ex-KGB chief Vladimir Kryuchkov is billed as the junta's main villain, a reactionary who masterminded the coup. But Kryuchkov isn't just a conservative. He represents something else that the agency must bury if it is to survive: its Communist past. Kryuchkov was not a KGB professional but a Communist Party functionary grafted into the agency's leadership, a common practice.

KGB careerists always chafed under the leadership of party apparatchiks, but now communism has become an albatross around the agency's neck. Its elimination is vital if the KGB hopes to transform itself into a professional organization along Western lines.

The departure of Iron Felix leaves just one monument in the square outside Lubyanka: a rough-hewn boulder, commemorating the millions who perished in camps run by the KGB's forerunners. For now, the Soviet people seem to accept this as the appropriate memorial to the KGB's past—and a necessary warning about its future. ■

BY JEFF TRIMBLE

Will old soldiers fade away? *Many senior Soviet officers, like these generals at an anti-Yeltsin rally in Moscow, fear reforms.*

The Army: No longer in step

Already deeply divided, the Soviet military may never recover from last week's aborted coup

The Soviet soldiers who faced their fellow Russian citizens across the barricades in Moscow last week decided they were Russians first and Soviet Communists second. The democratic forces sweeping the Soviet Union have swept the military as well, and as the Soviet Union redefines itself in the aftermath of the failed coup, the Soviet military may change as rapidly as the union does. "The big issue is whether there will even be a Soviet military," says retired Army Lt. Gen. William Odom, former director of the National Security Agency, now with the Hudson Institute.

Reform of the Soviet armed forces was already well along before the coup, but now change is accelerating as conservative generals who supported the failed coup or sat on their hands are swept out and replaced by more reform-minded officers. In the end, former Defense Minister Dmitri Yazov and other coup supporters succeeded only in fueling the fires they were trying to extinguish and in exposing the deep fissures that cut across ethnic, political and generational lines in the Soviet military.

The day the coup was announced, the British Sandhurst Soviet Studies Center reported that polls conducted in the Soviet Union show that most officers below the rank of lieutenant colonel back military reforms. According to Defense Department officials, 44 percent of all enlisted men and officers from Russia voted for Boris Yeltsin in the June 12 Russian presidential election.

Yeltsin's Army. Sandhurst also suggests that Soviet generals who back Gorbachev "could be counted on one hand." Yeltsin, however, attracted fistfuls of support from top commanders who disobeyed Defense Ministry orders. Pivotal in his breakthrough to the senior officer corps was his recruitment earlier this year of Col. Gen. Konstanin Kobets as head of the Russian State Defense Committee. The Soviet General Staff sent some 250 officers over with Kobets, thinking they were infiltrating the Russian government. Instead, Russia captured them. During the coup, Yeltsin, who had been cultivating the military

NIKOLAI IGNATIEV – NETWORK/MATRIX

73% SAVINGS CERTIFICATE

This certificate entitles the bearer to subscribe to U.S. News and get up to 73% off the cover price. Complete and return your savings certificate today! No postage necessary.

☐ 18 months (76 issues)
Only $49.95
You save $140.05

☐ 1 Year (52 issues)
Only $39.75
You save $90.25

☐ 6 Months (26 issues)
Only $19.89
You save $45.11

☐ Payment enclosed. ☐ Bill me later.

Name _____

Address _____

City _____ State _____ Zip _____

42FM8

Offer good to U.S. addresses only and is subject to change without notice.

U.S.News & WORLD REPORT

This certificate is non-transferable.

▲ DETACH HERE AND MAIL TODAY! ▲

NO POSTAGE
NECESSARY
IF MAILED IN THE
UNITED STATES

BUSINESS REPLY MAIL

FIRST CLASS PERMIT NO. 137 BOULDER, CO

POSTAGE WILL BE PAID BY ADDRESSEE

US NEWS & WORLD REPORT
SUBSCRIPTION DEPARTMENT
P. O. BOX 52133
BOULDER, CO 80321-2133

during his travels around the country, appealed to all forces to follow Kobets. After the coup, he named Kobets Russian Federation defense minister.

Yeltsin's appeals carried greater weight because they were backed by another senior officer, Alexander Rutskoi, Yeltsin's vice president, who in an impassioned radio address called on troops not to fire on the crowd. Rutskoi, a rising star on the general staff, acted as a magnet for Soviet soldiers. At the height of the coup, according to U.S. intelligence sources, the Soviet Defense Ministry calculated that more than half of Russian officers supported the elected Russian government, in large part because they backed Rutskoi.

Dissenting generals. The aborted coup revealed that dissent in the military extends beyond junior officers. The commander of the Leningrad military district quickly announced that he would not follow orders. Even the Dzerzhinsky Division, which has ties to the Interior Ministry and the KGB and was considered likely to support the coup, showed allegiance to the Russian Republic, according to U.S. Defense Department officials. The commander in charge of all airborne forces, Lt. Gen. Pavel Grachev, was fired for disobeying orders from the Ministry of Defense. By week's end, he was rewarded with a promotion as the new deputy minister of defense.

The rift within the military was so deep that when an elite airborne division based in Tula, 100 miles south of Moscow, sided with the Yeltsin forces, it was led by its commander, who also served as the division's Communist Party political officer.

The appointment of Air Force Gen. Yevgeny Shaposhnikov as the new minister of defense is a glimpse of what's to come for the Soviet military. Originally, Gorbachev named the chief of the general staff, Army Gen. Mikhail Moiseyev as acting minister of defense, replacing his mentor, Yazov. He lasted one day before Yeltsin's forces, after talks with Gorbachev, inserted their man.

General Shaposhnikov may find the Defense Ministry post increasingly meaningless in the coming years as power shifts to the republics. The new union treaty will likely reduce central control over the military. For example, the treaty already would give the republics the right to approve the appointment of all military commanders posted in their territory. Now the republics may press for the right to nominate the commanders who will serve on their soil.

Yeltsin already has said that he foresees the need for national guards based in the republics, which could mean the end of the Soviet military as we know it. U.S. officials predict that as Russia goes, so go the other republics. "The overall size of the military will remain about the same," says one Pentagon official. "But the size of national guards will grow. And as national guards become larger, the Soviet military will shrink."

The Ukraine, the largest republic after Russia, already is going. A congress of ethnic Ukrainian Soviet Army officers met in Kiev at the end of July to discuss the possibility of forming a Ukrainian army independent of the Soviet military. The congress called for the re-establishment of a Ukrainian defense ministry and called for a republican army of some 250,000 soldiers. "Is it a real breakaway army?" asks one defense official. "This may have been the turning point."

If the Ukrainian and Russian models are copied throughout the U.S.S.R., the Soviet military will shrink into a core group of professional soldiers. The republics, which already have demanded that their conscript soldiers be stationed at home, would form their own national armies. Most of these soldiers would be Russian, serving in Russia for a Russian national guard. Nuclear weapons would remain under central control but would all be stationed on Russian soil. Two of the other three republics where nuclear weapons are stationed, the Ukraine and Kazakhstan, have declared themselves nuclear-free zones.

The republics also have a special distaste for the special forces now under Moscow's control. As the details of the final union treaty are ironed out, the republics probably will insist that Spetsnaz special-operations units, which were believed to support the coup, be taken from the direct control of the Ministry of Defense. The republics also will insist on taking control over the troops of the Interior Ministry, including the notorious OMON "black berets" who have done most of the killing in the independence-minded Baltics.

The first test for the new Soviet military could come in the Baltics, where all three states have declared independence. Officials there have suggested that regular troops under control of the Soviet Defense Ministry would still be permitted on Baltic soil, to appease Moscow's security concerns. But none of the Baltics will tolerate the continued presence of the black berets.

The Soviet military is still an inbred culture—a kind of buddy system organized for the promotion of political loyalists. But last week clearly has begun to change all that. Russian President Yeltsin mounted a Soviet tank to rally his people to the defense of democracy; he stepped back down to Russian soil from a Russian tank. ■

BY BRUCE B. AUSTER

J. B. DIEDERICH—CONTACT

The missile vigil. *All nuclear weapons might be on Russian soil alone.*

MILITARY AT A GLANCE

There are nearly 4 million soldiers on active duty.

- *Plans call for shrinking the military by 25 percent.*
- *Reform could eliminate 30 percent of the Soviet generals.*
- *Only 15 of 180 divisions were mobilized in the coup.*
- *Some 50,000 Soviet troops are still stationed in Poland.*
- *Almost half of all Russian soldiers voted for Boris Yeltsin.*

when you think copiers think Mita.

the image specialist.

For more information write:
Mita Copystar America, Inc.,
P.O. Box 3900, Peoria, Illinois
61614, or call 1-800-ABC-MITA.
© 1991 Mita Copystar, Inc.

COMMENTARY

The leader: Decline and fall

Gorbachev has brought Russia to the brink of disaster, argues **Seweryn Bialer,** *and now he should go quietly*

The Gorbachev era was over even before the coup against him collapsed. But now it is a certainty that Mikhail Gorbachev's time as anything more than a figurehead has ended. Only emotionalism and bad political judgment in the West or another coup by the Army and the security services in the Soviet Union can change that. And there must be very few professional officers in Russia, next to none of them above the middle ranks, who have the stomach for a civil war that would pit Russians against Russians. A new coup is likely only if it is supported by Gorbachev. He remains the constitutional leader of the Soviet Union but not the legitimate one. Of course, he was important as a man who sought to reform communism, but he is unwilling and unable to cross beyond that threshold. His unbelievable press conference last Thursday and his appearance before the Russian parliament on Friday revealed a man who is fighting primarily for his power and for his ego, a man who is no less naive and out of touch with his country and its people than the apparatchiks who conspired against him, whom he derided as "deaf mutes."

BORIS YURCHENKO—AP

End of the line? *Gorbachev has lost touch with his people.*

The people of Russia have overwhelmingly rejected the Communist Party. Nearly the entire party apparatus participated in the coup against Gorbachev. Yet two days after the coup collapsed Gorbachev told the Russian parliament that he still believed the party could transform itself and Russia. His faith survived the coup, at least for a time, because Gorbachev believed in a democratic form of communism and because of a practical consideration: The party has been the only power base from which Gorbachev could act. The Polish patriot and leader Jozef Pilsudski said he had boarded the train of socialism and left it at the station called independence. Gorbachev started the train of *perestroika* as a committed Communist, and six years later, after a coup against him that was organized by the leaders of the party, he was still trying to ride the socialist train.

The revolution does not have to eat its children. But it must remove, with dignity if possible, those who are preventing the crossing of the Rubicon. Since last September, throughout last week's coup and in its aftermath, Gorbachev demonstrated without a doubt that he is politically incompetent and personally unstable. Alexander Yakovlev and Eduard Shevardnadze, who with Gorbachev were the architects of *perestroika* and its moral and radical conscience before he forced them out, stood fast before and throughout the abortive coup. Boris Yeltsin is flamboyant, but now he has proved that he also is stable and true to his anticommunist principles. The coup also has demonstrated that Yeltsin is not only courageous but also a first-rate planner and a master of popular politics. Gorbachev's skills are in words and in old-fashioned party infighting. His extraordinary performance last week revealed an astonishing incompetence before, during and even after the coup, an incompetence that renders him unfit to lead a nation undergoing a historic transformation that demands a clear vision of the future, an attachment to the people and an ability to move them.

In his press conference and at the Russian parliament, Gorbachev was so busy defending his own honor in standing up to the conspirators and so panicked by the prospect of losing power that he seemed unconscious of the gravity of the "mistakes" he admitted. Because he was afraid of the democrats, he surrounded himself with reactionaries. That was his first mistake. The second mistake was to trust them. He had not even prepared for the coup he had warned the West about for a year: He had no hidden radio transmitters, no trusted ally stationed abroad to read the world a prepared statement. At the moment of truth, his entire government either plotted against him or did nothing. No one in his camp—at any level—declared opposition to the coup for three days. He tried to build a new society by employing those who wanted to destroy it, and when they moved against him he was taken by surprise like a blind kitten. Even after the coup he did not believe that his defense minister had betrayed him. He said he trusted Vladimir Kryuchkov, the head of the KGB. A man who trusts a Kryuchkov for one minute should not be engaged in the politics of any country in the world.

Gorbachev is a man who is now more dangerous than useful to his admirers in the West. Apparently, he was prepared to give the conspirators the codes to the Soviet nuclear arsenal, although he was not even physically abused. His actions in the past were well-intended, and their unanticipated radical consequences were welcome. But now he has brought the people of Russia to the brink of an unthinkable disaster. He should be allowed to go in dignity and peace, so Russia and the world can face the trials ahead seriously and with a clear mind. ■

SEWERYN BIALER, A LEADING SCHOLAR IN SOVIET AFFAIRS, IS ROBERT AND RENEE BELFER PROFESSOR OF SOCIAL SCIENCES AND DIRECTOR OF THE RESEARCH INSTITUTE ON INTERNATIONAL CHANGE AT COLUMBIA UNIVERSITY

The best way to travel to Europe is with people who are well connected.

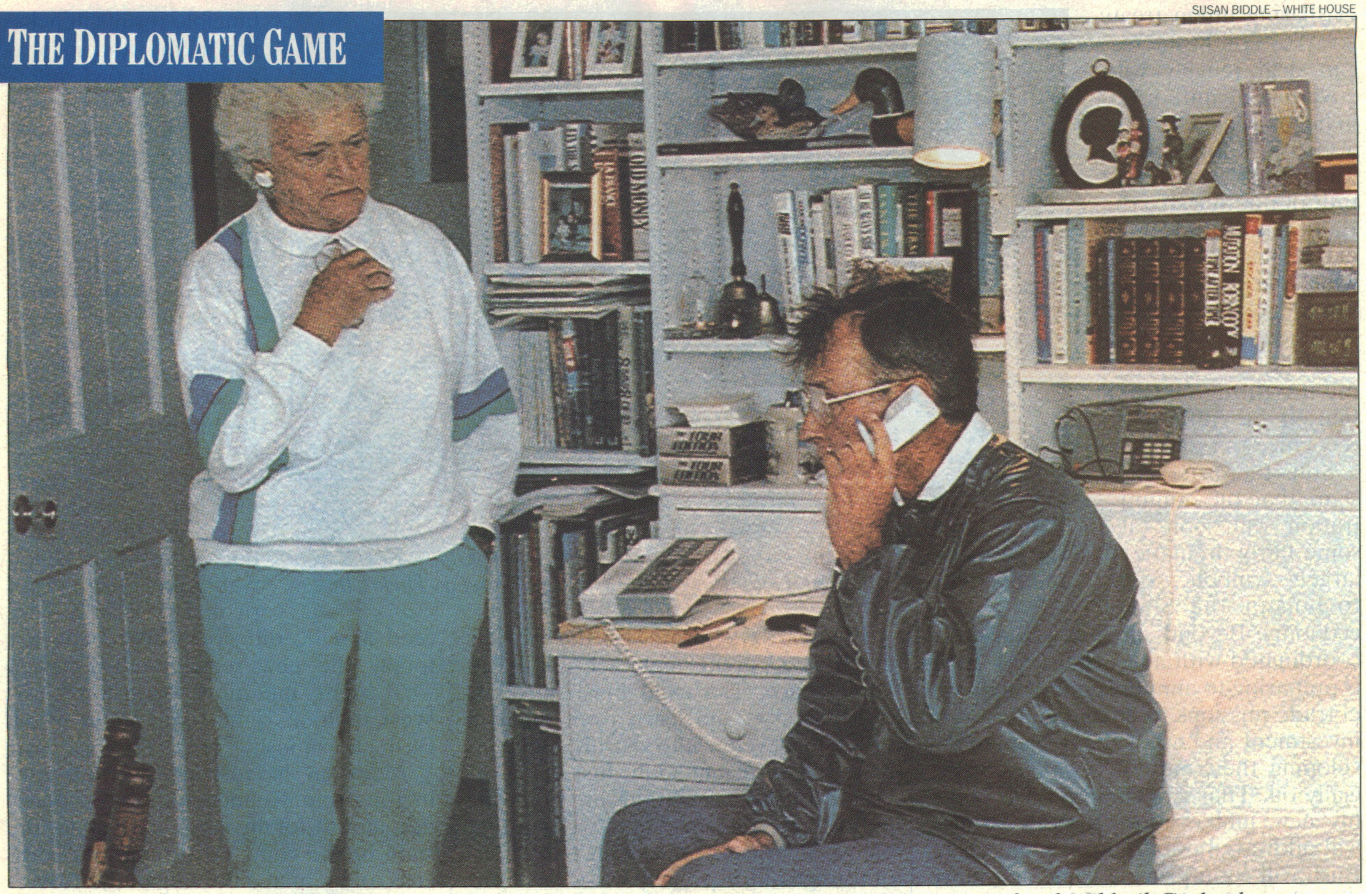
Any experienced traveler will tell you the best way to travel to Europe is with a native. And since Lufthansa is located right in the heart of it, you could say no one is in a better position to take you there. In fact, we have 88 European destinations, many more than all U.S. airlines combined. Which means there's always an experienced Lufthansa staff nearby to help with almost anything, including last-minute travel plans, advice on where to take a client for dinner, even to tell you which road leads to Rome. Combine that with Lufthansa's unparalleled on-board service and you'll understand why, at Lufthansa, we offer you the best flying experience anywhere in the world.

A passion for perfection.℠

Lufthansa

Lufthansa is a participant in the mileage programs of United, Delta, USAir and Continental. See your Travel Agent for details.

SUSAN BIDDLE – WHITE HOUSE



"A great burden has been lifted." *Bush on the phone at his Maine vacation home talking to just freed Mikhail Gorbachev*

Bush's brand-new phone pal

Why the president has added Boris Yeltsin to his direct-dial list

George Bush watched, spellbound, as Boris Yeltsin climbed aboard a menacing Soviet tank and defiantly called on his people to resist the coup d'état. It was a remarkable act of physical courage, Bush told aides, and it, more than anything else, convinced the president that Yeltsin is a "heavyweight"—a leader worthy of admission into Bush's international "paligarchy" of presidents, prime ministers and kings. Just as important, Yeltsin symbolized for Bush a larger truth: The Soviet people were finally insisting on democracy after centuries of oppression.

Yet Bush and his aides say they still are not ready to reward Soviet bravery with American billions. Their hardheaded calculation is that thwarting the coup and moving further toward democracy must stand as its own reward. Doubts already are spreading through the White House about what happens now. Some key aides, while praising Yeltsin's courage and skill in handling the crisis, question his steadiness as a statesman. Some fear he may become a runaway train, demanding more reform than anyone can reasonably expect and embarrassing Bush with calls for massive Western aid. Senior aides were also increasingly dismayed at the uninspiring response by Mikhail Gorbachev to his ordeal. It was clear, they observed, that the primary impetus for rapid change was Yeltsin; Gorbachev, forced to follow his lead, seemed an uncomfortable—even unwilling—participant. The president's hope is that Yeltsin and Gorbachev will be the yin and yang of Soviet politics, with Yeltsin propelling radical reform at home and Gorbachev providing common sense and international statesmanship.

The president's basic demands of Soviet officials remain unchanged: Fully recognize private property, convert the ruble to a legitimate international currency and eliminate the layers of regulation that hamstring Western investment. He also wants the central government and the Soviet republics to reach agreement on their pow-

CRISIS MANAGEMENT IN THE OVAL OFFICE

- *Be steady. That's what Americans most want from their president, and what adversaries most respect.*
- *Don't get captured by the crisis. He's seen predecessors obsessed with crises. That's why Bush is adamant about sticking to his vacation and regular schedules.*
- *Don't act until you have to. Rash decisions based on bad information are the biggest danger in a crisis.*
- *Talk, talk. Use the telephone to take charge and coordinate strategy directly with other heads of state.*

er-sharing union treaty so Western businesses can deal reliably with government authorities in negotiating deals. On a political level, Bush wants Moscow to grant independence to the Baltic nations of Lithuania, Latvia and Estonia, which the president says would greatly enhance American good will toward the central government—though Bush himself has refused to recognize the Baltics.

Still, there are clear signs that the administration will soon take some fairly dramatic, if largely symbolic, steps to bolster the Soviet economy. Beyond some new assistance coordinated with allies (Page 56), Bush is preparing to announce more high-level trade missions to encourage Western investment and assist the Soviets in developing their natural resources, especially oil. That is a subject Bush hopes his new ambassador, Robert Strauss, will address. In addition, key aides say, Bush will soon provide some assistance directly to the democratically governed Soviet republics, especially Yeltsin's Russia. Expected converts to this approach are former skeptics about targeted aid, including Vice President Dan Quayle, Defense Secretary Dick Cheney and National Security Adviser Brent Scowcroft.

New aid. Administration planners are considering a massive "humanitarian" effort to provide food, fuel and medical aid to the Soviets this winter if their supplies, as expected, fall short. The proposal has not yet risen to Bush's level. Bush aides hope much of the money would come from private and corporate donations in what could be billed as an international form of volunteerism—a sort of 1,001st point of light. No one thinks, however, that such enterprises will make a crucial difference in pulling the Soviet economy from its morass.

LUKE FRAZZA AFP

The hard-liners. *From left, national security aides Robert Gates, Ed Hewett and Brent Scowcroft, Gen. Colin Powell and Defense Secretary Dick Cheney*

Friends say Bush sees the Soviets much as a parent might see a child in adolescence. The child must make its own mistakes and learn from them in order to develop into a truly independent, self-sufficient adult. Just as important in Bush's calculations are domestic politics. He remains keenly aware that many Americans are deeply suspicious of foreign aid, especially when the United States has serious economic trouble of its own. "Before we start pouring money into the Soviet Union," says a Bush adviser, "we have to develop a powerful case that the dollars will have tangible results in helping them—and in promoting our own interests." Bush cannot make that case now, having spent so much time arguing that Western aid would be wasted unless the Soviet economy were overhauled.

Bush's performance during the coup, after a timid start, was in keeping with his model of crisis management. In the first hours of the crisis, Bush tepidly said the news was "disturbing" but declared there was "very little we can do." His initial reaction was that the junta probably would succeed and he did not want to alienate totally the new regime, not knowing what their intentions were on East-West relations—the thing about which Bush cares most.

Aides say he rushed back to Washington from Kennebunkport on Monday, almost totally in the dark about the state of the coup. At 5 p.m., CIA officials told him at a briefing in the Roosevelt Room that the odds in favor of the coup's success seemed strong simply because of the firepower the KGB, the Army and internal-security forces presumably had at their disposal. Yet,

WATCHING THE COUP

A sudden sinking spell for America's spies

Just over a year after they had pulled the comfortable chairs and the long conference table out of a room in the 24-hour Operations Center of the Central Intelligence Agency, technicians were back again last week, removing the furniture and plugging phones and computers into outlets beneath the raised floor. Once again, exactly one year and 17 days after Iraq invaded Kuwait, the CIA was in the thick of a big, fast-moving crisis.

Immediately after the very first reports of the attempt to remove Mikhail Gorbachev from power, intelligence officials say, there was kind of collective sinking feeling: Hard-liners had struck at Gorbachev, and the nation's premier intelligence agency had had no advance warning. " 'Oh no'—that was the initial reaction," said a senior U.S. official. Failures in the business of espionage did not get any bigger than this.

But some frantic scrambling eased those fears. A check of satellite data and other sources confirmed that there had been no telltale movement of troops toward Moscow. And the agency had issued a classified analysis just days before warning that there could be demonstrations or some other reaction from the right just prior to Mikhail Gorbachev's signing the new union treaty.

It was not a warning of a coup, knowledgeable officials said, but it raised the red flag. Besides that, the CIA's Soviet watchers had been saying for months that Gorbachev was in deep trouble. The agency's analysis concluded that any one of the Soviet Union's problems, from the economy to the restive republics to the hatred for the Communist Party, was enough to sink Gorbachev. A coup from the right was on the short list of scenarios but not at the top.

At the White House, the CIA analysis had been strongly supported by Brent Scowcroft,

there were clear signs that things were going wrong. Richard Kerr, the Central Intelligence Agency's second in command, said the airports had not been closed and the reactionaries had failed to arrest Yeltsin, who was organizing the opposition and still communicating with the outside world. Some military units were backing Yeltsin. The junta had failed to cut off key roads to block movements of potential enemies and had not issued shoot-to-kill orders to disperse protesters. National Security Adviser Scowcroft, a retired general, said if he were running a coup, he would have accomplished all those things immediately. Yeltsin, Bush knew, already had pleaded for declarations of U.S. support in a telephone conversation with James Collins, deputy chief of the U.S. mission in Moscow. Bush was convinced he had an opening to come out more toughly against the plotters and in favor of Gorbachev's restoration. A manifesto written by Scowcroft was issued in Bush's name at 6:15 p.m.

CHICK HARRITY—*USN&WR*

The policy architects. *Bush sends his new ambassador, Robert Strauss (right), off to the Soviet Union as Secretary of State James Baker looks on.*

To-do list. At 7 the next morning, Bush sat down at his computer in the Oval Office and typed out a list of "things to do." The top three priorities were to "make a thorough assessment of the situation"; call Press Secretary Marlin Fitzwater back from his Wyoming vacation to handle media briefings, and "keep our message steady and strong." The message, he said, was that normal relations could not resume until Gorbachev was restored to power. The president went back to the direct-dial diplomacy that had served him so well during the Persian Gulf crisis. He phoned at least a dozen heads of state, including Britain's John Major, Germany's Helmut Kohl and France's François Mitterrand, and was impressed with their resolve to unite against the junta.

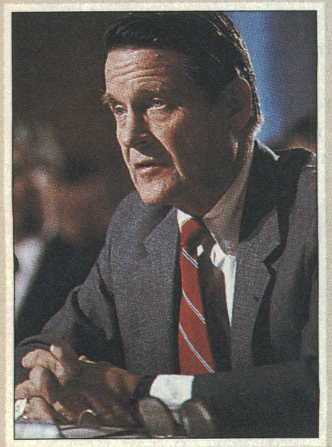
At 10 a.m., Bush talked to Yeltsin on the phone, and the Russian president poignantly said he wasn't sure what his fate would be but he desperately needed continued public support from Bush. They agreed to talk by phone daily at 10 a.m. as long as the crisis lasted. Bush suspected that Yeltsin, as much as anything, wanted the psychological comfort of a link to the outside world he could count on.

Despite his relief that the coup failed, Bush sees troubling signs. He realizes, aides say, that international stability, which Bush defines to advisers as "peaceful change at a reasonable pace," is still elusive in a world riven by ethnic tensions and unpredictable political storms. Yet Bush still cherishes stability as a fundamental aim of U.S. foreign policy and the best environment in which America can work its will as the only true superpower.

Another tenet of Bush's presidency, his commitment to personal friendship as a means to geopolitical ends, remains unshaken—although Mikhail Gorbachev's 72-hour ouster clearly demonstrated its potential danger. When he finally spoke to Gorbachev after the coup collapsed, Bush sat in his bedroom at Kennebunkport and, Barbara Bush at his side, heard with relief that the Soviet leader was fine. He was embarrassed when Gorbachev thanked him so profusely for his public support and for remaining his friend. Mrs. Bush told aides her husband was moved and looked as if "a great burden had been lifted." His old friend was safe. His would-be friend Yeltsin was a hero. Another new world order was being born. ■

BY KENNETH T. WALSH

TIMOTHY A. MURPHY—*USN&WR*



Spy master. *William Webster*

Bush's adviser on national security affairs, and Robert Gates, Scowcroft's deputy and a CIA veteran whom Bush has nominated to replace William Webster, the current director of central intelligence. "This time," a Bush adviser said, "the president had what he needed. The supporting information had been there for months."

As the events in Moscow played out, it became apparent to the analysts on the hastily assembled Soviet task force that things were not right. Satellite imagery gave a clear indication of problems with the coup. It was supported by information from other sources. "We could see Gorbachev's *dacha*," a senior official said. "It had three rings of troops around it, and they had put stuff on the helipad so that no one could land. There was an unusual amount of activity on the water." In Moscow, the satellites spotted little evidence of coordinated planning. "The troops were just moving so slow," the official said. "Airborne [units] were moving but not with the kind of purposefulness you would expect to see."

Over the next three days, senior CIA officials kept the president abreast of the problems with the coup, and Bush became increasingly convinced that Mikhail Gorbachev would survive. Now, the CIA has a formidable new task. With the cleaning of house in Moscow, more than a dozen key figures are suddenly out of the picture and dozens of new people are suddenly wielding enormous influence. Can Gorbachev survive? A large part of the answer may be found in the backgrounds of the people he surrounds himself with. At the CIA, the quest for that answer is just beginning.

BY BRIAN DUFFY

THE CAPITAL QUESTION

A rescue line from the West

After the coup, aid and investment will grow, but hardly enough to spark the Soviet economy

For all of the international condemnation hurled at last week's coup attempt, when the time came to defend their progress toward freedom, the Soviet people did it on their own. Now the debate has intensified over whether the Soviets should also be expected to salvage their moribund economy singlehandedly.

German Chancellor Helmut Kohl last week called for more Western aid without delay, but his government has already provided almost a third of the $18.7 billion in credits offered to the Soviets by Western governments this year, on top of $100 billion spent on the former East Germany, so it will be hard pressed to offer much more. The Bush administration, convinced that a massive aid package would only prop up inefficient Soviet industries and meet stiff congressional resistance has tried to temper expectations of massive infusions of cash. Western corporations welcomed the demise of hard-line communists that had opposed their joint ventures but will wait for concrete economic changes before expanding their small $3 billion investment there. And banks, which will have reduced their loans to the U.S.S.R. by nearly $20 billion before the end of 1991, lamented that the new face of Soviet politics is stuck over the same old economy. Hampered by limitations both within and without, the Soviet Union's hopes for Western billions are unlikely to be met.

The United States cannot afford to pretend nothing has happened, however. Given the upsurge of sympathy for the Soviets in Europe, "business as usual will likely not be good enough," says one British diplomat. British Prime Minister John Major will visit President Bush at Kennebunkport, Maine, this week to coordinate the position of the leaders of the industrialized world on aid to the Soviet Union, probably arguing for expanded help. Bush is expected to go along with allies, notably Germany, who may want to hold a special economic summit this fall to, at a minimum, increase technical assistance. German Foreign Minister Hans-Dietrich Genscher has pointedly criticized countries for not doing more "with deeds as well as words" to save Gorbachev. Tokyo, awaiting deeds from Moscow, takes heart that Boris Yeltsin has in the past advocated ceding four Pacific islands claimed by Japan, in exchange for billions in aid and investment.

No easy money. Washington has no intention of stretching its tight budget. Massive financial aid, says Rep. Benjamin Gilman (R-N.Y.), a leading Republican on the House Foreign Affairs committee, is "up the road. Right now it would not be favorably accepted." In addition, the Bush administration doubts the economic competence of the Soviet leadership, a suspicion not changed by Yeltsin's ascendancy. Despite the Russian president's stated commitment to a free market, he "hasn't a clue how one really works," says an administration official. Until the Soviet Union puts free-market reforms in place, the administration believes, aid packages will be wasted. "You don't give people jillions of dollars just because they survived a coup," says one of Bush's closest advisers.

Instead, Washington will focus on more-limited goals. Congress is expected to grant the Soviet Union most-favored-nation status, though the lowered tariffs will mean little, since most of the U.S.S.R.'s $1 billion worth of exports to the United States—such as silver and platinum—already enter duty free. Attempts may also be made to augment Washington's largest aid gesture so far: $1.5 billion in credit guarantees for Soviet grain purchases.

Long before Washington or Bonn ever considered the Soviet Union a worthy

Threadbare. *The Soviet economy desperately*

R. BOSSU—SYGMA

The host to toast. *Kohl wants aid for Gorbachev.*

GARY HAYNES—MATRIX

eeds Western joint ventures like Italian clothier Benetton to satisfy impatient consumers.

candidate for aid, international banks found they could do business with Moscow. But today, bank loans to the Soviet Union are more a part of the problem than the solution. With the country in arrears on an estimated $5 billion owed to Western creditors—most of them European—banks have refused to renew nearly $20 billion in old loans. Besides, the Soviet trade account of goods and services has plunged from a surplus of $6 billion to a deficit of $5.8 billion in just three years. "Banks won't do business in the Soviet Union without government guarantees," says Keith Savard, a Soviet specialist at the Institute of International Finance. As a result, the enormous expansion in Western government credit—from $12.2 billion to $30.4 billion in two years—has not meant a net gain for the Soviet economy. It has merely plugged the gap in bank capital.

Weak market. Private corporate investment has also begun to falter. While the Soviets have formed more than 2,000 joint ventures with Western firms, economic instability, legal roadblocks, bad transportation and distribution links and the absence of a commercial culture have discouraged large commitments. The Soviet Union is too poor to provide a rich market for foreign investors, so industrial companies have little incentive to build plants unless they are to export goods. New business investment has fallen 40 percent since 1989. Now that the coup has come and gone, hope is rising that unencumbered reformers will make the Soviet Union a friendlier place to do business.

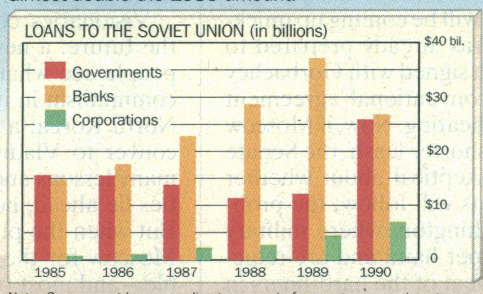
Corporate leaders are particularly enthusiastic about the prospects for an All-Union treaty between Moscow and the republics that will allow business to bypass the central government. The treaty signing was preempted by the coup but is now expected soon. Jeffrey Burt, a Soviet specialist at the Washington law firm of Arnold & Porter, predicts that the new treaty will spur Western firms to quickly invest some $5 billion in the oil industry, which has suffered a two-million-barrel-a-day production loss since 1988. As the republics gain autonomy, Western leaders will be confronted with the dilemma of where to direct their assistance—to Moscow or the republics. Says Georgi Matiukhin, chairman of the Russian State Bank, "Aid should be given to the republics—they now wield the real economic authority."

Euphoric predictions of increased Western investment and aid all hinge on the delicate assumption that the halting and chaotic reforms of the past several years will swiftly yield to radical free-market reforms. Not everyone is ready to leap to that conclusion. "The main danger to radical market reforms was not conservatives, but populism," says Leonid Grigoriev, a Soviet economist, who fears that the new Russian leaders hold up "the free market" as a simplistic ideal for the common people, without understanding the rough road to a market economy. The Soviet people have shown that they are prepared to influence the course of events in their nation. But after years of economic decline, further austerity may not be the course they would choose. ■

USN&WR

Who's lending to the Soviets

Foreign government loans to the U.S.S.R. more than doubled in 1990, but risk-averse international banks sharply curtailed their lending. Foreign loans totaled almost double the 1985 amount.



Note: Government loans are direct payments from a government or government guarantees to cover private loans.

USN&WR—Basic data: Institute of International Finance

BY DON L. BOROUGHS WITH CARLA ANNE ROBBINS, KEVIN CHAPPELL, JOHN MARKS IN BONN, JIM IMPOCO IN TOKYO AND JENNIFER FISHER IN LONDON

COMMENTARY

Good news for America

In supporting the reformers during the Soviet crisis, George Bush bet on the right horses. And in this case, those horses count for a lot

No wonder George Bush was smiling. As the coup in Moscow collapsed last week, he knew that his gamble on the outcome was paying off handsomely: His bonds with Soviet leaders were stronger than ever, his own international stature was soaring, prospects for a new world order were visibly brightening—and all that before he had even heard from political meister Roger Ailes.

Mikhail Gorbachev's days may yet be numbered—he could be playing Moses to Boris Yeltsin's Joshua, as an administration leader says—but because Bush stood on the side of reformers in their hour of peril and because they eventually triumphed, there should be clear benefits for American foreign policy. Bush bet on the right horses, and in this case, those horses count for a lot.

The Bush administration has learned over the past six years that having a reform team in Moscow can mean enormous gains for the United States. Without Gorbachev, Germany would not be united and in the Western camp today, Eastern Europe would not be free, arms cuts would not be underway and conflicts would not be resolved in far-flung countries from Afghanistan to Angola. Indeed, Bush's vision of a new world order was born when Gorbachev agreed to go along against Saddam Hussein. Bush thus had good reason to oppose the coupsters last week.

Now, even if Gorbachev eventually departs, the reformers are more firmly in charge—and that is good news for the United States. As Harvard Prof. Joseph Nye points out, whatever regime emerges will be preoccupied with internal affairs and should be even more anxious than in the past few years to enjoy a stable international environment. Soviet cooperation in arms control, on regional issues and at the United Nations Security Council all seem more likely.

The agenda ahead. Arms limitations will be coming up quickly on the agenda. The U.S. Senate was already prepared to ratify a strategic arms agreement Bush signed with Gorbachev this summer but was balking at a conventional agreement because the Soviet military has been cheating. Now, if Moscow can show that it has the military on a shorter leash, the Senate will probably approve. Experts are skeptical about whether deeper strategic and conventional cuts will follow; the problem is not so much Moscow as Washington, where military planners now think they have the upper hand and are reluctant to give up any advantage. But defeat of the hard-liners in Moscow has raised hopes for controlling the proliferation of weapons: Moderates there and in Washington share an interest in curbing nuclear, chemical and biological weapons.

The Middle East peace process could be another beneficiary of last week's events. Even before the attempted coup, Saudi Arabia was signaling that both Arabs and Israelis were prepared to make greater concessions than had been publicly understood. The triumph of the reformers in Moscow should give them more heart, just as the defeat of the hard-liners will encourage Syrian President Hafez Assad, ever the opportunist, to sidle up more closely to the United States. Nor can radical elements of the Palestine Liberation Organization look to Moscow for more help, having favored the coup against Gorbachev.

SOVFOTO

Such good friends. *Gorbachev at June's economic summit*

With the United States ever more clearly the world's only superpower and the Soviet Union in for rocky times, the events of last week should also strengthen U.S. relations with Europe and Japan. Despite their growing economic power and the continuing neglect of America's internal strength, the Europeans and Japanese turned to the United States for political leadership in both the Persian Gulf and Moscow crises. Private polls show that confidence in U.S. foreign policy is at the highest level in years across much of Europe, and Bush himself is attracting rave reviews. "Europeans think that in international politics, Bush has *fingerspitzengefühl* [finger-tip feel]," says François Heisbourg, head of the International Institute for Strategic Studies in London. With confidence in the Soviet Union dropping, Germans and others should be more ready to keep a strong U.S. presence on the Continent and support for NATO should rise. David Smick, a specialist on international economics, thinks the growing stature of the United States should also slow the formation of European-Japanese trading blocs.

Visionaries conjure up even more hopeful scenarios for the future: a new wave of reform sweeping across China as people see what has happened in Moscow; the collapse of communism in its few remaining bastions, such as Cuba and North Korea; a string of democracies stretching from Vancouver to Vladivostok. It is probably too much to read so many lessons and omens into a single week. Many uncertainties lie ahead, both in the Kremlin and in the White House. But when the pulse of a people beats as strongly as it did in Moscow for those precious few days, anything seems possible—and most of it augurs well for the United States. ■

BY DAVID GERGEN

THE 72-HOUR COUP

Stalinist persuasion. *By the time the plotters' tanks reached Red Square, Yeltsin was in position at the Russian parliament.*

The putsch that failed

Gorbachev's personal 'drama' and the heroism that saved him

AN UNANTICIPATED VISIT. Like the countless millions grabbed for the Soviet gulag, Mikhail Gorbachev learned of his date with totalitarian security after an unexpected knock on the door. At 4:50 p.m., aides told the Soviet president that they had allowed a mysterious group led by Yuri Plekhanov, a powerful KGB official, into Gorbachev's Crimean *dacha*. Dumbfounded, Gorbachev quickly tried each of the government phones in his office, discovering all were dead. What he later called his personal "drama" had begun.

SUNDAY AUGUST 18

Fearing he might be assassinated, Gorbachev went to his family's quarters, gathering his wife, Raisa, his daughter, Irina, and son-in-law, Anatoly, to break the news. "If the worst happens, if it's a question of [giving up my] political course, I will stand up for my position," he said. They agreed it was the only option, even if it put their own lives at risk.

Gorbachev left to confront his captors, but before he could usher them in, they had entered on their own. To his shock, their leader was his own chief of staff, Valery Boldin. Gorbachev first tried bluster: "Who sent you?" "The emergency committee," came the response. "I didn't appoint such a committee," he stormed. They pressed their ultimatum: He must either sign a decree authorizing an emergency crackdown to undo much of the reform he had championed in the past six years, or turn over his power to an emergency group led by his handpicked vice president, Gennadi Yanayev. Gorbachev refused, vowing silently to commit suicide rather than accede: "Those who sent you are reckless adventurers. You're going to kill yourselves. But to hell with you."

The arrest interrupted Gorbachev while he was drafting a speech he planned to give two days later at the signing of a new union treaty transferring unprecedented powers from the central Soviet government to the increasingly restive republics. "I was totally isolated from the sea and from the land," Gorbachev related later. "Everything was done to weaken me psychologically." But his 32-man guard remained

KLAUS REISINGER – BLACK STAR FOR *USN&WR*

with him, providing what protection they could for his family. With an eye to his own death and place in history, Gorbachev recorded a videotape to prove he was in good health and resisting the coup. He passed it piece by piece to his guards when they brought food, in the hope it would be spliced together if he were killed. He also wrote a will.

Another cause for alarm: His captors seized the briefcase that contained his codes to launch nuclear weapons, raising the prospect that, in desperation, the coup leaders might attempt nuclear blackmail.

THE TANKS ROLL. Gorbachev's refusal to comply with the conspirators' script set off the slipshod machinery of the coup. At 2 a.m., the KGB went on alert around the sprawling country. Hours later, thousands of Soviet soldiers with their armored vehicles were ordered to prepare to head for Moscow. Air defense forces parked tractors on a runway near Gorbachev's *dacha* to keep his Tu-134 airliner and helicopter from leaving. Several KGB units sealed off the area around the home, helicopters circled overhead and more than a half-dozen patrol boats monitored the coast.

But the coup planners sealed their fate in these first hours by failing to decapitate their opposition. The KGB missed arresting Russian Republic President Boris Yeltsin at his home because he had rushed off to the Russian parliament 45 minutes earlier—his first anticoup appeal to the nation already in hand—after receiving an intercepted radio communication. In fact, none of the opposition leaders in any republic was arrested.

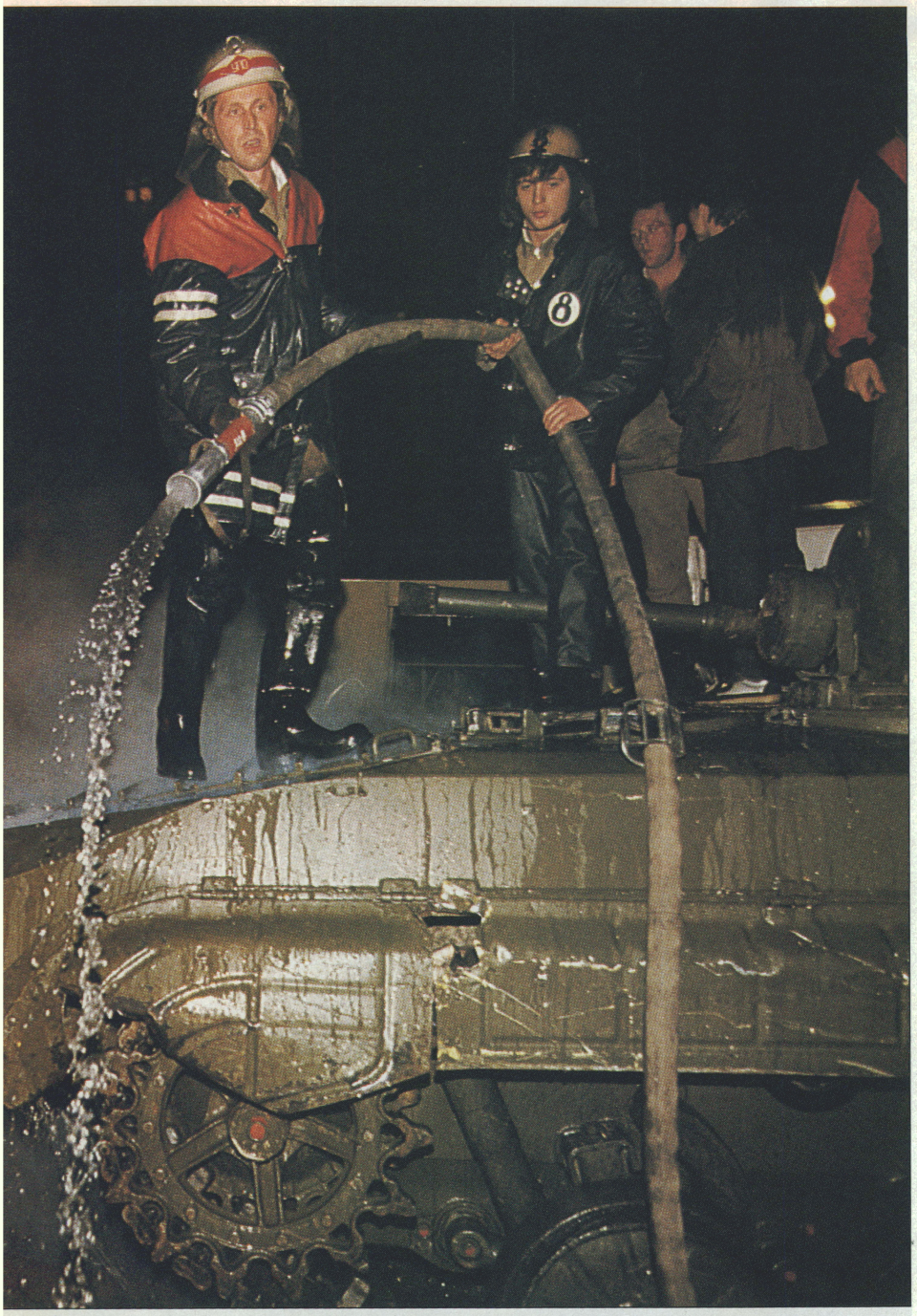
MONDAY
AUGUST
19

At 6:29 a.m. in Moscow, the plotters went public. The Soviet news agency Tass announced that Yanayev had taken over because Gorbachev was suffering "health" problems. But the real powers behind the curtain had names like Pugo (Boris K., interior minister); Kryuchkov (Vladimir A., chairman of the KGB); Yazov (Dmitri T., defense minister) and Pavlov (Valentin S., prime minister). Even before they filled the streets with tanks, they showed their Stalinist colors by issuing a resolution declaring all media organs under official control and banning all strikes and demonstrations.

The takeover was neither peaceful nor orderly. At 9:47 a.m., the Soviet Army rumbled into Moscow to the cries of "*Pozor*!"—shame!—from distraught onlookers. Fifteen minutes later, Soviet troops surrounded the transmission tower of Lithuania's government. An

Test of wills. *Overturned trolleys formed part of the barricades erected against the putsch's armor after a defiant Yeltsin climbed aboard a tank on the first full day of the crisis to exhort fellow citizens to resist. The press conference staged by the coup leaders that afternoon showed them to be indecisive. "You asked them good questions and you were laughing at them the whole time," Gorbachev later told the Moscow press corps. He had listened to the proceedings on the BBC.*

(LARGE) KLAUS REISINGER—BLACK STAR FOR *USN&WR*; BAGAYEV—AFP; KLAUS REISINGER—BLACK STAR FOR *USN&WR*



hour after that, tanks surrounded the parliament of the Russian Republic. Soviet troops invaded TV stations in Riga, the Latvian capital, to seize control of the main television station. They also killed a bus driver and wounded one passenger.

Rather than wither away, the resistance mounted a tit-for-tat counterstrategy. When Yeltsin learned of Yanayev's role, he phoned the new national boss with a challenge: "Keep in mind that we do not accept you gang of bandits." Brushing aside aides' admonitions that he was overplaying his weak hand, Yeltsin climbed atop one of the Soviet tanks on the streets outside his office to ask the crowd of 20,000 to participate in massive resistance and a general strike the following day. As an inspirational spectacle, it was electric.

That afternoon, Yeltsin's office issued the first of a blizzard of decrees, ordering, among other things, that KGB officers obey *his* commands in Russia, not those of their national masters. Meanwhile, groups of young Afghan War veterans began appearing at the parliament building, offering help in erecting barricades and making Molotov cocktails.

On the defensive, the leaders of the coup called a press conference to argue their right to remove the man who had presided over a 25 percent collapse in the Soviet GNP. "The situation has gone out of control," Yanayev charged. "We're also facing a threat of disintegration." But it was clear Gorbachev's betrayers had no strategy to fix the problem.

A harbinger of the plotters' downfall came toward the end of the first day. Shortly before midnight, 10 tanks from the elite Soviet Taman Motorized Rifle Division maneuvered in front of the Russian parliament building, known as the White House, until their cannon were in position to defend Yeltsin against the rest of the Soviet Army.

PUTSCH COMES TO SHOVE. Inside the Yeltsin bunker, the sleepless resisters knew their fate would depend on whether the public turned out in the streets the next day. They were not disappointed. The scenes in Moscow, Leningrad and several other cities were straight out of "Les Misérables," as hundreds of thousands chanted "Yeltsin!" "Yeltsin!" The emboldened Russian responded with new demands: the right to meet with Gorbachev within 24 hours; the dropping of restrictions on the media; the lifting of the state of emergency; the return of troops to their bases and the arrest of coup leaders. Fence-sitters and even early agents of betrayal began to cross the line. The commander of the

Tula airborne division, Maj. Gen. Alexander Lebed, refused his allegiance and directed his men to protect the Russian parliament. The chief of Leningrad's police, Arkady Kramarev, and the local Leningrad KGB chief said they, too, supported Yeltsin.

Yet inside the Moscow White House, there was fear. KGB agents who turned up at the door claiming a change of heart and volunteering help were closely questioned to test their sincerity. "I don't have much time left," Yeltsin told an anguished John Major, Britain's prime minister, during a phone call. Pistols were passed out to Yeltsin aides, and boxes of Molotov cocktails were strategically placed. To resist attack, military deserters manned makeshift communications lines, taking in intelligence reports of troop movements and other developments.

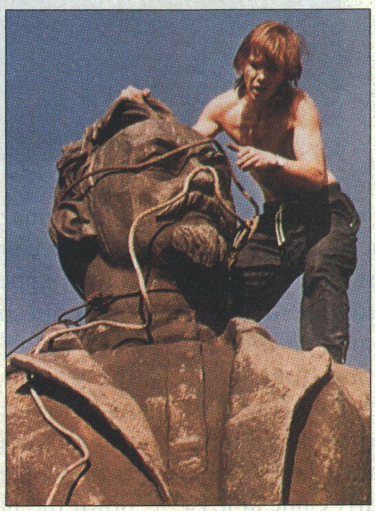
TUESDAY AUGUST 20

The emergency committee ordered an 11 p.m.-to-5 a.m. curfew in Moscow, banned all but its own radio and TV broadcasts and ordered Yeltsin's allies to clear their barricades. But their demonstrations of power were all for show. In Estonia, more than 100 Soviet armored vehicles and trucks rolled into the capital, Tallinn, but did not disrupt the media or communication with the outside world. In Moscow, the tanks still loyal to the hard-liners just raced up and down the street in front of the White House as if caught in some hellish traffic circle.

The "health problems" afflicting Gorbachev suddenly appeared to be catching among the coup leaders. Pavlov was reported hospitalized with high blood pressure; two of his colleagues were also rumored to be ill. The KGB's Kryuchkov raised his head, opening conciliatory discussions with Yeltsin during the afternoon and then promising that the military would not storm the White House. There was no assurance that he was telling the truth.

The most anxious moments came that evening, when Yeltsin's camp was tipped that a tank attack was imminent. All women were ordered out of the building, lights were doused to protect against snipers spotted in nearby buildings and orders were given to shoot anyone who stepped within a 50-meter no-man's land around the White House. Overhead, Yeltsin's followers had lofted a dirigible draped in the Russian flag, in the hope that it would help deter incoming helicopters. Inside, the world's pre-eminent cellist, Mstislav Rostropovich, who had flown in from Paris to show solidarity with the pro-

(LARGE) KLAUS REISINGER – BLACK STAR FOR *USN&WR;* KLAUS REISINGER – BLACK STAR FOR *USN&WR;* AP; A. SAPRONENKOV – AFP



People power. *Moscow's youth gave the retreating tanks a high-spirited escort. Despite a crackdown on the press, word of what was happening got out in many ways. A chastened Gorbachev returned from his ordeal to find citizens so emboldened that they dared topple a statue of Felix Dzerzhinsky, the KGB's founder.*

testers, played soaring music in the darkened parliament.

DELIVERANCE. The nightmare outcome appeared to unfold at 1:30 a.m. when Soviet tanks from the Dzerzhinsky and Taman divisions became entangled in the human chain around Yeltsin's White House and protesters swarmed over the first tank. A second tank tried to maneuver around and was pelted with Molotov cocktails. A brawl broke out and two Yeltsin supporters were shot and one crushed by an armored vehicle. But the tanks withdrew. The democrats had held.

So desperate were the coup schemers that the next morning KGB boss Kryuchkov suggested that Yeltsin travel to Gorbachev's home to see his condition. "Of course I refused," Yeltsin later reported. Less than an hour after Kryuchkov's offer, Yeltsin returned to the parliament podium to tell stomping, cheering delegates that the Gang of Eight was trying to flee Moscow. Russian police forces just missed catching them en route to Vnukovo Airport several miles outside the city. Yazov and Kryuchkov flew to the Crimea, apparently to seek a pardon from Gorbachev. In his *dacha*, Gorbachev refused to meet with them and demanded a phone. His first call was to his savior, Yeltsin. Shortly afterwards, a second plane from Moscow arrived, carrying a Yeltsin delegation led by officials of the Russian republic. Yazov and Kryuchkov were put in custody for the return trip to Moscow. Four others would soon be arrested and a fifth, Vasily Starodubtsev, was being sought for questioning. The interior minister, Pugo, killed himself with a bullet in the head; his wife was found critically injured by his side. In Moscow, a huge traffic jam ensued as a 3-mile-long convoy of tanks and other vehicles made its way back to nearby bases.

WEDNESDAY
AUGUST
21

Gorbachev returned in the next day's dawn to confront the depths of the treachery against him by men he had "believed in." Even his friend and college classmate, Anatoly Lukyanov, chairman of the Soviet parliament, appeared to have dirty hands as Yeltsin supporters fingered him as the ideological mastermind of the coup. As Gorbachev's countrymen stomped on the symbols of their oppression, the woebegone leader began a purge of his revealed enemies and then purged himself by resigning as general secretary of the Communist Party. ■

BY HARRISON RAINIE WITH DOUGLAS PASTERNAK AND DOUGLAS STANGLIN IN MOSCOW

EDITORIAL

BY MORTIMER B. ZUCKERMAN
EDITOR-IN-CHIEF

THE LAST HURRAH

During Stalin's lifetime, a light burned all night in the Kremlin to remind the masses that Big Brother never sleeps. This past week, the oppressive police forces of Stalinism reassembled in Moscow, and Stalin's ghost once again walked the Kremlin corridors. The military coup that took place in the other nuclear superpower traumatized and depressed the world—only to give way to euphoria when the putsch collapsed. And rightly so: This was the death rattle for the hard-liners of the Communist Party, the Red Army and the KGB. The specter of communism is fading irrevocably from the Soviet Union and the world.

For more than 70 years, malevolent communist power from the Kremlin had based its authority on fear—a fear that has gradually diminished among the Soviet people over the last five years, thanks to the *glasnost* introduced by Mikhail Gorbachev. To revive the credibility of fear, the Moscow Eight, a second-rate group of thugs, had to use bullets. But they were paralyzed by weak convictions, as well as a lack of authority even within the military, the KGB and the bureaucracies of the discredited center they presumed to speak for. Their tanks had to be directed not against a competing power elite within the Soviet Union, as in previous coups, but against the people themselves and Boris Yeltsin, the democratically elected leader of Russia. For the first time in Soviet history, the people in the streets proved to be the decisive weapon in determining the outcome of a coup.

'Gorbachev is no longer a decisive power in the Soviet Union. He has become a tragic, almost pathetic, figure.'

Gorbachev, who believed in revolution from above, never sought the popular mandate from below that might have given him the authority to break with the dead hand of communism. His resignation last week as general secretary of the Communist Party came at least a year too late. Now, he has no decisive power in the Soviet Union; instead, he is widely condemned at home, even by longtime colleagues such as former Foreign Minister Eduard Shevardnadze and former Politburo member Alexander Yakovlev, for having appointed and left in power every one of the Moscow Eight who organized the coup against him. Perhaps Gorbachev had aligned himself with the conservative forces believing he could control them and then, after the immediate crisis had passed, distance himself from them once again. If so, it was a gross miscalculation. A Soviet cartoon, based on Leonardo da Vinci's "The Last Supper," made the point. It had Gorbachev with his arms extended saying to his appointees: "One of you will betray *perestroika*." They all did. Gorbachev, thinking he was preventing a coup, prepared the way for the coup.

He has become a tragic, almost pathetic, figure at home. He is disliked by the intellectuals who once adored him, by the party apparatchiks who once supported him and by the ordinary people who have seen only empty shelves, economic despair, the collapse of the ruble and humiliating pleas for foreign aid. Hope can be a good breakfast, but it is a poor supper.

He is a hero only in the West, and deservedly so, for he has transformed international relations. But his incompetent domestic policies have produced a mood of apathy, helplessness and resentment. A Soviet joke makes the point. A KGB agent spoke to a CIA agent: "You were responsible for Chernobyl, right?" "No." "For Afghanistan, right?" "No." "For Eastern Europe, right?" "No." "For our economy, right?" "No." "For what then?" "For Gorbachev."

His amazing speech to the nation—rambling, incoherent, contradictory and confusing—and his subsequent appearance at the Russian parliament raise many questions and surely mark the end of the Gorbachev era. The center has completely collapsed under the weight of Stalin's crimes, Brezhnev's corruption and Gorbachev's mistakes and manipulations. The baton of leadership has passed to Yeltsin and the Russian people who stood tall and courageously faced down the hard-liners.

The heroes of August must follow through in September and beyond with further democratization and radical economic reform—pursuing domestic needs and not international adventurism. If they do, America and the West can place their bets on democratic Russia, Boris Yeltsin and those who will work with them. This would be in our interest and would deserve our economic and political support. ■

©1991 GM Corp. All rights reserved. GM

THERE IS NOTHING MORE BEAUTIFUL THAN THE POWER OF INTELLIGENT ENGINEERING.

THE ALL-NEW EIGHTY EIGHT ROYALE.

Introducing a brand-new 1992 Oldsmobile.® Redesigned and re-engineered from the inside out. **It's intelligent.** It's powerful. Fuel-efficient.* It's a 3800 engine fused with one of the smoothest-shifting electronic transmissions on the road. It's nimble and precise. It's front-wheel drive and four-wheel independent suspension. **It's refined.** It's a family car. More overall headroom and legroom and trunk room. It's comfort for six. And the safety of anti-lock brakes** and a driver-side air bag. **It's the Oldsmobile Edge.**™ The most comprehensive owner satisfaction program in the industry. It's a hundred thousand ideas engineered together in the new Eighty Eight Royale.® Visit your Oldsmobile dealer for a test drive or call 1-800-242-OLDS.

*1992 Oldsmobile Eighty Eight Royale EPA estimated MPG 18 city/28 hwy. **Optional on base model. Buckle Up, America!

Oldsmobile

THE POWER OF INTELLIGENT ENGINEERING.

Next to hearin' the chuck iron ring, nothin' sounds better to a cowboy than the jingle of his spurs.

NEW Marlboro MEDIUM

Also available in soft pack.

A new low tar cigarette. When you want more flavor.

SURGEON GENERAL'S WARNING: Smoking By Pregnant Women May Result in Fetal Injury, Premature Birth, And Low Birth Weight.

12 mg "tar," 0.8 mg nicotine av. per cigarette by FTC method.

© Philip Morris Inc. 1991